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Offered her old Reform temple job

Shoshana Miller may stay in U.S.

By WALTER RUBY
NEW YORK. — Rabbi David Kline of Temple Shalom in Colorado Springs said yesterday that while Shoshana Miller has not yet definitely decided not to return to Israel, "her aliyah just didn't work out."
The rabbi of the Reform temple where Shoshana Miller served as cantor before making aliyah to Israel said that the temple had offered Miller her old job back, and Miller was considering accepting it.
He added, "What's wrong with that? I'm not ashamed of her for having come back. After all, the great majority of American olim end

up leaving Israel. Shoshana tried to make a go of it, but it just didn't work out."
Attempts to reach Miller for comment were unsuccessful. Kline reported that she was unwilling to speak with the Israeli media, although she recently gave an interview to the *Denver Post*, and is planning to be interviewed this week by a local Colorado television station.
In her interview in the *Denver Post* of January 1, Miller said that although she was never issued her disputed ID card, "I can pick it up when I go back...I'm not closing the door on returning to Israel."

According to Kline, Miller, 43, will make a decision on whether to take the cantor's position at Temple Shalom by the end of this month. Kline commented: "I'm not telling her what to do, but she could be a great asset to the temple. When she was here before her aliyah, she was a very effective and highly skilled *hazanit*. Shoshana wants to stay out of the limelight while she makes up her mind."
Asked if Miller's struggle with the Interior Ministry over her right to be registered as Jewish had been the determining factor in her hesitation about returning to Israel, Kline re-

plied, "If all else were equal, I would say her reasons [for considering *yerida*] were not different from any other American immigrant who returns. But she also had a really miserable experience in Israel over this issue. She's furious at the system that made it so difficult for her."
Kline noted that the deteriorating state of her father's health was something else Miller had to take into consideration. Her father, who is suffering from heart problems, has left hospital and is recuperating at home. But Kline made it clear that he did not believe that her father's

Leading candidate backs out

Bank Leumi heads quit

The Bank Leumi crisis took a dramatic and unexpected turn last night when Chai managing director Aharon Dovrat, who had been regarded as the leading candidate to succeed Eli Hurwitz as chairman of Leumi, announced that he was not interested in the job.
Hurwitz himself and the remaining Leumi directors announced their resignations last night, after Hurwitz had earlier made clear to the Knesset Finance Committee that he intended to leave his post. He will stay on, however, until a successor is found.
After five hours of aggressive questioning by the Finance Committee, earlier in the day, World Zionist Executive Chairman Arye Dulin said that within a month he would step down as governor of the Jewish Colonial Trust (Otzar Hityashuv Hayehudim), the parent body of Bank Leumi. The WZO appoints the members of the trust's council, which is nominally responsible for supervising the bank.
Dulin said he would step down as soon as changes are made that would improve the trust's ability to supervise the bank.
Dovrat's firm rejection of the post of chairman, on the grounds that it is a "figurehead" job with no executive power, has caused confusion in banking circles.

This story was compiled from reports by Pinhas Landau, Michal Yudelman and Avi Temkin.
Among other candidates being mentioned in the financial community are former Bank of Israel governor Moshe Sanbar and Dan Tolowsky, the long-time deputy chairman of Discount Investment Corporation, now running his own venture capital firm.
Another possible candidate is First International's chairman, Zaid Bino. Bino last year moved from being managing director to chairman of the most profitable of the five largest banks, and might be prepared to take on the challenge of rebuilding the shattered internal morale in Leumi.
Hurwitz formally announced his resignation after a brief board meeting yesterday evening, at which the other members presented him with their letters of resignation.
He said he had weighed this step since Sunday, following requests by Premier Shamir and Vice Premier Peres not to resign.
Hurwitz told the Knesset committee earlier that the bank would unilaterally suspend pension payments to former Leumi chairman Ernest Japhet, and would go to court to

defend this decision. He said that a bank committee had been formed to plan these moves, and had secured former Supreme Court Justice Moshe Etzioni as legal adviser.
"I am leaving and taking full responsibility for the decisions and shortcomings," Hurwitz told reporters, referring to the affair surrounding the agreement that awarded Japhet \$5 million in severance pay and a pension of \$30,000 a month.
He said that shortly after he became chairman last June, he was so shocked to learn of Japhet's salary and pension arrangements that he nearly walked out then and there.
Hurwitz said that during his tenure as chairman, he had changed work regulations at the bank, reduced huge pension expenses for senior officials and reduced the pay of senior officials by two grades.
In his letter of resignation to the governor of the Bank of Israel, Hurwitz described the dismal situation at Bank Leumi when he took up his post: "I found a bank with difficult labour relation and mistrust at all levels, several hundred redundant workers and several redundant branches, a large and expensive overseas organization seeking only self-aggrandizement, a conservative marketing approach, outdated cost-

Irangate:

Reagan caught in a new situation

By WOLF BLITZER
in Washington
ASHER WALLFISH
in Jerusalem
and Agencies
President Reagan was caught up in a new row yesterday over whether he approved of Israel's shipments of U.S. arms to Iran as early as August 1985.
White House and State Department spokesmen, meanwhile, insisted that the U.S. was not trying to make Israel the "scapegoat" for the Iran arms affair.
And a recent letter from Vice President George Bush to Vice Premier Peres, revealed last night by Israel TV, appeared intended to defuse charges that the prime minister's counter-terrorism adviser Amiram Nir had initiated diversion of profits from the Iran arms deals to Nicaraguan Contras rebels.
The letter included minutes of Bush's secret meeting last July with Nir. Diversion of money to the Contras was not mentioned at the meeting, the minutes showed.
The NBC television network Monday night quoted former Reagan aide Robert McFarlane as saying the president approved the shipments to Iran in July 1985, and that McFarlane and other aides lied when they concocted a cover story that he did not.
NBC said McFarlane told the network he told the truth in recent congressional testimony that the president approved the 1985 arms sales.
But an administration official, noting McFarlane was Reagan's official security adviser at the time of the 1985 sales, suggested McFarlane was trying to protect himself.
"I think a whole lot of ass-covering is going on and I don't think it's the president's ass that's being covered," the official said.
The White House has said repeatedly that no one currently there remembers Reagan approving Israeli shipments of U.S. arms to Iran in 1985.
But it said Reagan signed an order on January 17, 1986 approving U.S. arms sales to Iran, convinced by that time that they would improve relations and free American hostages in Lebanon.
NBC quoted McFarlane as saying that he, John Poindexter and Oliver North concocted the story that Reagan did not approve the 1985 Iran sales in order to prepare Reagan

Unifil head: Dismantle the SLA

By DAVID RUDGE
Jerusalem Post Reporter
and Staff
ROSH HANIKRA. — The Unifil commander, Maj. Gen. Gustav Haglund, yesterday called for the dismantling of "infamous" South Lebanese Army strongholds within his force's area of operations.
Haglund made the demand in a short speech during a funeral service at Unifil's Nakoura headquarters yesterday for Corporal Dermot McLoughlin, who was killed during an IDF bombardment of a Unifil post in the village of Barshit on Sunday. (See story, page 4)
In Dublin yesterday, Foreign Minister Peter Barry delivered a strong protest to Israeli Ambassador Yehuda Avner over McLoughlin's killing.
During a 20-minute meeting with Barry, Avner delivered a message of condolence from Defence Minister Yitzhak Rabin.
The Irish Department of Foreign Affairs described the meeting as

Israel planes raid terrorists in Beka'a

Post Defence Reporter
TEL AVIV. — Israel Air Force planes yesterday attacked a base run by the pro-Syrian faction of Fatah led by Abu Mussa and located some 10 kilometres east of Sultan Ya'akub in the Lebanese Beka'a Valley.
An IDF announcement said targets included "buildings that served as command posts for a Palestinian terrorist organization" and "tents that served as dwellings for the terrorists."
Reports from Lebanon said two

people were killed and seven injured.
Yesterday's attack, directed at targets only seven kilometres from the Lebanese-Syrian border, required pilots to fly over an area protected by Syrian ground-to-air missiles.
It was only the second such raid in eastern Lebanon since October, 1985, but the fourth bombing foray into Lebanon since the beginning of this year.

15% more road accidents in 1986

Post Knesset Correspondent
Road accident figures were 15 per cent higher last year than in 1985, and fatalities rose by 7 per cent, the Knesset sub-committee on road accidents heard yesterday.
Sub-committee chairman Uriel Lynn charged that accidents had gone up because government expenditure on prevention had gone down and because police vigilance had slackened.
"The Treasury netted \$90m. in December 1986 alone from vehicle imports, but it did not give a penny extra to combat road deaths," Lynn

charged. "Road accidents will go up still further in 1987, unless the government begins to take its responsibilities seriously."
Dr. Moshe Becker of the Technion pointed out that the number of juveniles involved in accidents had risen by 24 per cent between 1985 and 1986.
Aluf Mishne Zvia Gilat said that special measures taken in the IDF had cut road accidents resulting in injuries by nearly 20 per cent, which contrasted sharply with the situation in the civilian sector.

Japhet's late predecessor warned of Leumi's fate

By MARK SEGAL
Post Political Correspondent
TEL AVIV. — Two letters written 12 years ago have come to light warning of the dire fate awaiting Bank Leumi under the autocratic rule of Ernest Japhet.
They were written by the late Mendes Sachs, Japhet's immediate predecessor as bank chairman, to members of the bank's board of directors.

Permission to quote from the letters was given to *The Jerusalem Post* by Sachs's son, Hebrew University English professor Arieh Sachs. He found them recently in his father's files at the family home in Gan Haim, near Kfar Sava.
One letter is dated May 1974, and the other was written in September 1974.
Mendes Sachs, who was born in Baltimore, was a highly respected

leader of the private sector, a pioneer in the citrus industry and a Bank Leumi director for over 20 years. He became chairman of the board in 1973, but in his son's words, was "forced out" only a year later after vainly warning of the catastrophe that would follow what he described as Japhet's excessive power.
Japhet was forced to resign last May for his role in manipulating the

price of bank shares, following recommendations of the Bejski Commission.
The late chairman wrote in his September 1974 letter of resignation that "the board as a whole has in effect renounced its major function and has agreed to serve only for formal purposes...under such conditions I should certainly not wish to continue to share in the responsibility which must be required by the shareholders and the authorities from this as from any board of directors."

Prof. Sachs recalls his father's profound shock and disappointment at the refusal of the other directors to heed his warning. He said that his father had served as a "lira-a-year man" who did not expect or ask for one agora when he quit.
There have been constant rumours in banking circles over the years about these letters in which the late chairman warns of his fears "concerning the crisis that will inevitably face the bank" as the result of "the extraordinary concentration of power in the hands of one individual."



Mendes Sachs

Prof. Sachs drew attention to his father's unheeded call for a "correlation between salaries at the top and those of the remaining staff." He had cautioned against deviating from established wage frameworks, the son said.
In one letter, Sachs wrote sadly of how little he had realized "...when I agreed to become chairman, that the CEO was not ready to share responsibility with anyone else...I am convinced a crisis is inevitable...in the excessive dependency on one man."

It is with very great regret and considerable pain that I feel obliged to take this step after so many years of close association. I can only hope that the extraordinary concentration of power in the hands of one individual that has taken place, and the increasingly total dependence of the huge Bank Leumi Organization on that one individual will not lead to the crisis that I foresee in the future and that I so profoundly fear.

Yours sincerely,

M. H. SACHS.

The concluding paragraph of Mendes Sachs's letter of resignation from the chairmanship of the Bank Leumi board in 1974.

Higher inflation for '2 or 3 months'

Nissim: Firm NIS if wages stabilize

By AVI TEMKIN
Post Economic Reporter

The government will not devalue the shekel again in the near future, and the present rate of exchange, about NIS 1.65 to the dollar, will remain in force as long as there are no wage increases, Finance Minister Moshe Nissim pledged yesterday.
Nissim was at pains to reassure the public after the economic uncertainty of the last few days.
"The public must not be led to believe that we have abandoned the policy of maintaining a stable exchange rate; we want to keep the exchange rate at its present level for many months," he said.
The exchange rate relative to the basket of currencies now stands at

NIS 1.68, 12 per cent higher than the rate at the end of December.

Nissim and the governor of the Bank of Israel, Michael Bruno, said yesterday they were confident the package deal reached with the Histadrut and the employers would prevent a spiralling of wages and prices. Bruno said that in the coming two or three months the monthly inflation rate would reach 2 to 3 per cent, and after that it would return to a level of no more than 1 per cent.

Prime Minister Shamir also pledged to keep the rate of exchange stable. He said there were risks in

the plan adopted by the government, but added he was confident the scheme would solve the problem of the profitability of exports.

The package deal is to be officially signed today, after a last minute hitch yesterday due to differences over the cuts in the Health Ministry budget and over the proposal to levy user charges in the health system.

Kessar announced last night that the government had agreed to waive its plan to make patients pay for visits to doctors in hospitals and clinics. He said that before signing the package deal today, Histadrut representatives would hold talks with government representatives to ensure that the health system would be adequately funded and that the Health Ministry budget would not be

Education and health budgets on Page 9



Histadrut Secretary-General Yisrael Kessar angrily turns his back on Foreign Minister Shimon Peres and Finance Minister Moshe Nissim (left) yesterday at the Foreign Ministry. (Kahana Media)

Defence victory a 'hollow one'

The fact that the defence budget was not cut was considered a victory in the defence establishment yesterday, and a feather in the cap of Defence Minister Rabin, who had to face considerable opposition from his cabinet colleagues.

Fiscal 1987 will be the first year in almost a decade that military spending will not be cut. In fact, given the 10 per cent devaluation, the defence establishment will earn a NIS 50 million bonanza from the shekel conversion of \$300 million in American aid money allowed to be spent in Israel on the Lavi fighter project.

Nevertheless, several key advisers in the Defence Ministry consider the victory a hollow one. They had initially asked for a NIS 400m. addition, with NIS 150m. the "essential minimum" needed to meet current and future needs and correct some of the imbalances of the past.

The advisers had intended to increase training days for reserve units made idle by previous budget cuts, and to revive several key R & D projects frozen over the years. They also sought to increase training for the standing army, specifically flying hours in the Air Force which for the past three years have been kept well below what the experts regard as an acceptable level, and to restore stockpiles to required contingency levels.

It was also hoped that more

ANALYSIS
Hirsh Goodman

money would be available to improve service conditions to counter the army's growing problem of retaining qualified manpower, and for local procurement that would add to the sophistication of the existing order of battle.

It is now clear that many of the hopes of the general staff will have to be deferred until better economic times in Israel.

Though the budget was not cut, defence planners are still faced with the following problems:

- The defence budget is a nominal one, and not linked to the conservative estimate that the consumer price index will rise by 25 per cent next year.
- The pending reorganization of the country's fuel storage and distribution system will leave the army solely responsible for all storage costs at a cost of millions of shekels. Until now the storage of fuel was partially paid for by special levy on the national fuel distributors.
- The cancellation of a 0.1 per cent National Insurance payment paid to the defence ministry as a contribution to the cost of civil defence will

also cost an undisclosed sum estimated at over NIS 10m.

There are also increasingly clear indications that on the operational level the IDF will probably be faced with an accelerating deterioration of the situation in Southern Lebanon over the coming year. This will mean additional expenditure, both in support of the South Lebanese Army and in direct intervention.

On the positive side, strategic planners believe the probability of war with Syria is extremely low, coupled with their assessment that the growth rate of the Syrian army will not match previous estimates, given Syria's deteriorating economic situation. Pressure has thus been reduced on the military to develop some of the specific responses to weapons systems that the Syrians would like to be using in coming years.

The Lavi fighter project, however, remains at the heart of the defence budget. Conservative estimates see the project absorbing at least NIS 100m. in domestic funds next year, above the \$550m. budgeted, with more funding required as the aircraft moves toward production at the end of the decade.

"As long as the Lavi remains a national project, independent of the defence budget, its development will continue. If the burden is entirely ours, the fighter is doomed." *The Jerusalem Post* was told.

Shamir gets NIS 18m. plan for six new settlements

By GERSHOM GORENBERG
Jerusalem Post Reporter

A plan calling for the government to spend NIS 18 million on six new settlements in the territories was submitted this week to Prime Minister Shamir by Housing Minister David Levy, the Housing Ministry said yesterday.

Levy gave the plan to Shamir on Monday, just before the cabinet approved a \$400 million budget cut. It is the first proposal for new settlements by a cabinet minister since the rotation last October.

Shamir has been under pressure from West Bank settlers and their supporters in the Knesset to push for cabinet approval of new settlements. But Alignment ministers have repeatedly come out against a settlement drive, saying that the government cannot afford the expense.

Levy's plan proposes new Jewish villages at the following sites: "Pe'at Sadeh" in the Gaza Strip; "Susiva Bet" and "Neta" south of Hebron; "Tzoref" to the west of the Etzion Bloc south of Jerusalem; "Anar" northwest of Ramallah; and "Irit" between Nablus and Jenin.

"Irit" and "Anar" are likely to face particularly strong opposition from the Alignment. They would be located in Arab-populated areas which the Alignment favours returning to Jordanian rule in a peace settlement.

The plan calls for the government to build water, sewerage, and electric lines and roads to the sites and to build 25 houses in each settlement. NIS 10m. would come from the 1987 budget and NIS 8m. from the 1988 budget.

Worker held for San Juan hotel fire

SAN JUAN, Puerto Rico (AP). — Federal officials yesterday arrested a member of the teamsters' union who worked at the Dupont Plaza Hotel and charged him with setting the New Year's Eve fire that killed 96 people at the posh hotel.

Court documents filed at U.S. district court in old San Juan identified the arrested man as maintenance worker Hector Escudero Aponte. It was the first arrest in the case.

The weather at major Swissair destinations

	MIN.	MAX.	
AMSTERDAM	-15	5	Clear
BRUSSELS	-15	5	Clear
BUENOS AIRES	17	23	Clear
CHICAGO	-15	5	Clear
COPENHAGEN	-15	5	Clear
FRANKFURT	-15	5	Clear
GENEVA	-15	5	Clear
Helsinki	-15	5	Clear
HONG KONG	17	23	Clear
JERUSALEM	17	23	Clear
LONDON	-15	5	Clear
MADRID	-15	5	Clear
MONTREAL	-15	5	Clear
NEW YORK	-15	5	Clear
OSLO	-15	5	Clear
PARIS	-15	5	Clear
RIO DE JANEIRO	17	23	Clear
SAO PAULO	17	23	Clear
STOCKHOLM	-15	5	Clear
TOKYO	17	23	Clear
TORONTO	-15	5	Clear
VIENNA	-15	5	Clear
ZURICH	-15	5	Clear

*For the latest weather conditions contact Swissair.

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THE WEATHER

Forecast: Clear.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	47	7-15	16
Golan	48	5-15	16
Nahariya	44	6-12	14
Safed	44	6-12	14
Haifa Port	44	6-12	14
Tiberias	52	8-17	19
Nazareth	42	8-17	19
Afula	43	4-20	21
Shomron	46	5-16	18
Tel Aviv	52	8-18	19
B-G Airport	67	6-17	16
Jericho	50	8-19	21
Caza	70	8-18	19
Beersheva	23	3-17	20
Eilat	22	8-22	24

SOCIAL & PERSONAL

Prof. Israel Charney, executive director of the Institute of the International Conference on the Holocaust and Genocide, is to speak today at the Jerusalem Rotary Club meeting at the YMCA, 1 p.m.

ARRIVALS

A three-man delegation of the Soviet Peace Committee, for a week's visit including meetings with representatives of the Alignment, Mapam, Citizens Rights Movement and Rakh.

Herzog awarded Anti-Nazi Order

The Israeli Anti-Nazi Fighter Order was awarded yesterday to President Herzog at a ceremony in Beit Hanassi. The president was an officer in the British Army during World War II, when he was wounded in action.

In reply to a question about his forthcoming visit to West Germany, the president said: "I believe that the moment the president of Israel stands up in Germany as the Israeli flag is raised and *Haikva* is played, will be a moment of victory of the victims of the Holocaust over their oppressors." (Itim)

HOME AND FOREIGN NEWS

'Treat recruits more carefully'

Basic training stopped as officers called in

By JOSHUA BRILLIANT

Post Defence Reporter

TEL AVIV. — Basic training was called off for the day by the IDF yesterday as commanders were summoned to a meeting with a general and ordered to treat recruits more carefully.

The army's move came amid repeated reports of harassment of new recruits. According to the reports, commanders have fired over recruits' heads, denied them medical treatment, and taken other illegal measures. Some soldiers reportedly tried to commit suicide as a result of the harassment.

A special committee including doctors and psychologists as well as representatives of all corps last week presented proposals on how to improve treatment of recruits.

Yesterday OC Ground Forces Command Aluf Uri Saguy convened all officers involved in basic training, from company commander and up. At the meeting at Tzrifin, Saguy told the officers not to forget that they were dealing with "a very sensitive human element." Saguy ordered the commanders not to allow a repetition of the debasing harassment of trainees that had occurred in the '50s and '60s. At that time, the idea had been to "break" the new recruits to make them into hardened soldiers, but the approach was "a stupid cliché," Saguy said.

The general said that the new recruit arrived confused and physically unfit, and commanders should receive him with compassion. "As far as I am concerned, even with a cup of coffee," he added.

Saguy said he would not permit any new basic training course to begin unless the staff underwent at least a two-week preparatory course.

Commanders should talk to their trainees often and open their bases to the soldiers' families, Saguy said.

Newsman cleared of charges over Vanunu's palm message

Jerusalem Post Staff

The police have decided not to press charges against the Jerusalem correspondent of the London *Evening Standard*, Bernard Josephs. He was suspected by the IDF censor of writing the report conveying Mordechai Vanunu's allegation that he was abducted by Israeli agents in Rome.

Vanunu wrote this message on the palm of his hand and flashed it to reporters through a van window when he was brought to the Jerusalem District Court three weeks ago.

The censor banned publication of the message, but the following day it was printed in the *Evening Standard*.

Josephs, who is a *Jerusalem Post* reporter, consistently denied that he had revealed this information; and the editor of the *Standard*, John Leese, said the story came "from an entirely different source and was compiled in London."

The police now say they have found no evidence indicating that Josephs passed this information to the *Standard*.

Mamilla plan scaled down

By ABRAHAM RABINOVICH and MYRA NOVECK

Sixteen years after an ambitious redevelopment plan for the Mamilla District was first proposed, a drastically scaled down version was yesterday approved by the Jerusalem District Planning Commission.

The facades of all buildings on the northern side of the street — and some of the interiors — are to be preserved under the plan as are two of the buildings on the south side, including the Stern Building in which Theodore Herzl stayed.

Under the original plan drawn up by architect Moshe Safdie, all the buildings on the street were to have been destroyed except for the St. Vincent de Paul Hospice.

The 300-metre long street outside Jaffa Gate is to be closed to traffic and turned into a pedestrian mall.

The commission disallowed a proposal by Safdie to add a second storey to a row of storefronts front-

ing the hospice on the grounds that it would block the view of the hospice from the street.

Yesterday's decision was hailed as a victory for preservationists by Daniella Shamir, head of the Jerusalem branch of the Council for a Beautiful Israel, which has led heated public opposition to the original plan.

Notre Dame strikers appeal to pope

Striking workers at the Notre Dame hospice in Jerusalem yesterday sent a cable to the pope, asking him to intervene to save the jobs of 130 employees. The cable states that Notre Dame's director, Monsignor Richard Mathes, has closed the centre and threatened employees with dismissals and police actions.

The employees have been on strike since Saturday night, and have been demonstrating daily outside the building.

Jews back down on O'Connor censure

By WALTER RUBY

NEW YORK. — The chairman of the leading umbrella group of American Jewry said yesterday that 53 major Jewish organizations had not intended to censure Cardinal John O'Connor when they issued a statement on Saturday criticizing remarks that O'Connor had made on his recent trip to Jordan and Israel.

Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations, said: "I know the cardinal felt he had been censured, but there was no censure on our part [of O'Connor], either as a cardinal or as an individual. We consider the cardinal to be a friend, and said so in our statement. What we were trying to do was to set the historical record straight, since it had become confused during his trip."

In Saturday's statement, the Jewish groups said they were "disquieted and distressed" by remarks

the cardinal had made in sympathy with Palestinian refugees, and described as "disturbing and painful" a remark O'Connor made at Yad Vashem in which he described the death of six million Jews in the Holocaust as "an enormous gift that Judaism has given to the world."

On Sunday, O'Connor responded angrily that he was "keenly disappointed and discouraged" by the statement of the Jewish groups, which he characterized as a "unilateral censure" of himself.

However, according to a subdued Abram: "This is not a personal matter between O'Connor and the American Jewish community. It is clear he was deeply touched by the suffering of the refugees, but the press reports didn't indicate a full appreciation of the fact that it is the Arabs who have kept [the refugees] stateless."

On O'Connor's controversial Holocaust remark, Abram commented, "I have no doubt that

what he said was in good will. But he should also understand the reaction of people from a non-Christian perspective."

The statement by the Jewish groups also came under fire from New York Mayor Ed Koch, who said it was "ridiculous" to attack O'Connor's remark at Yad Vashem, since to do so demonstrated a misunderstanding of "a major part of Catholic religious belief."

Meanwhile, Agudat Israel of America, one of the organizations listed as a signatory to the statement, sent a telegram to O'Connor denying it had been a party to the statement.

Nathan Perlmuter, national director of the B'nai B'rith Anti-Defamation League said that the ADL had withdrawn from the statement at the last moment because "we feel on some of the questions the cardinal is a friend who is mistaken, but not an adversary. It's better to talk to a friend than at him."

MILLER

(Continued from Page One)

illness was the main reason why she was inclined to stay in the U.S.

Kline said Miller had been "thrilled" with the decision by the Third Court in her favour, but conceded "there might have been a possible emotional letdown afterwards. All of the interviews, and the phone calls back and forth, got to be too much. She just wanted to drop it all."

Asked if Miller was concerned that her failure to return to Israel could be viewed as copping out after having embroiled the Israeli government in the mess, Kline replied, "Of course that bothers her. It was published somewhere that the Orthodox movement said she was a Reform plant. The idea that the Reform movement set this whole thing up is just grasping at straws."

Kline added: "In any event Yitzhak Peretz did resign as interior minister. Whether or not Shoshana returns, that is an important step forward toward separation of church and state in Israel."

UNIFIL

(Continued from Page One)

"not acrimonious but very frank."

Avner, who is accredited to both Britain and Ireland, told reporters he had expressed to Barry "profound sorrow at the soldier's death" and had assured him it was being investigated.

Haglund said in his eulogy of the dead Irish trooper: "Only a month ago we stood here to pay tribute to your fallen comrade, William O'Brien, who suffered the same brutal fate as yourself."

"We have urged the Israeli authorities to withdraw these intrusions [strongholds] from our area, pointing out that wild firing from there was certain to inflict casualties upon us," he said.

Haglund charged that in the past month there had been 60 cases of "unprovoked... shooting... incidents from the SLA positions at or close to Unifil personnel."

"We hope that your untimely and tragic death will bring an end to this senseless firing that UN soldiers face, and will also lead to the dismantling of these infamous positions from which we are fired on daily while carrying out our duties assigned to us by the world's communities," said the Unifil commander.

The *Jerusalem Post* learned that Haglund was referring to several SLA strongholds in the western sector of South Lebanon, most of which were constructed after the IDF's withdrawal in 1985.

Nine names suggested for comptroller

By ASHER WALLFISH

Post Knesset Reporter

Nine names were put forward in the Knesset House Committee yesterday as possible candidates for the vacant post of state comptroller, but none seemed likely as yet to win a majority in the committee.

The outgoing state comptroller, Yitzhak Tunik, completed his five-year term last week.

Two of the nine, former Labour justice minister Haim Zadok, and Gush Emunim activist Elyakim Ha'etzi, later told House Committee chairman Micha Reiser that they would not stand.

After the meeting, Reiser spoke to the other seven potential candidates, who said they were ready to have their names considered.

The Likud, Agudat Israel and Morasha proposed Haim Kubersky, the former director-general of the Interior Ministry, who is identified with the National Religious Party.

The Alignment proposed Ya'acov Nitzan, a former civil service commissioner.

The name of Tel Aviv District Court Judge Hadassah Ben-Itto was proposed by the Citizens Rights Movement, Mapam, and Shinui's Mordechai Virshubski.

But Communications Minister Amnon Rubinstein of Shinui submitted his own candidate, former Knesset Speaker Menahem Savidor. And the Citizens Rights Movement submitted two other names, apart from Judge Ben-Itto: Law professor Shimon Shitreet, and Haim Zadok

(who said he would not stand). Savidor's name was also proposed by the Likud's Eliezer Kulak.

Ha'etzi, who refused to stand, was proposed by Michael Eltan (Likud-Herut) who is in the hawkish wing of his faction.

The Democratic Front for Peace and Equality proposed Dr. Wolf Ehrlich, a party activist. Shas proposed Rabbi Shlomo Lorincz, a former Aguda MK.

Parliamentary observers agreed yesterday that if the Alignment refuses to drop the candidacy of Nitzan, who lacks wide appeal, Kubersky has the best chance of becoming the next comptroller.

But if the Alignment switches to Ben-Itto, there is a fair chance that she could obtain a slim majority, the observers believed.

Ya'ari lawyers ask for Granot recall

TEL AVIV (Itim). — Hava Ya'ari's attorneys yesterday asked the district court here to recall Aviva Granot to the witness stand, only two days before the court planned to hand down a verdict in the Mela Melavsky murder case.

The attorneys want Granot to testify to the authenticity of a letter she recently sent to Ya'ari's 17-year-old

daughter, in which she wrote that "Hava Ya'ari did not commit the murder."

The attorneys, Edna Kaplan and Dror Makrin, said that they got word of this letter several days ago, and obtained it Monday night.

They submitted their request to Judge Hana Eynor, who will prob-

ably rule on it today. Testimony in the trial was concluded two months ago.

Granot testified previously that while she and Ya'ari were driving with Melavsky in March 1985 near a beach north of Tel Aviv, Ya'ari pulled out a rolling pin and beat Melavsky on the head, causing her death.

(Continued from Page One)

ing procedures, and strategic planning cut off from reality."

He added that "only when I took over as chairman did I become aware of the salary levels [of Japhet and other senior officials] and I was shocked."

"I then said, in opposition to our legal advice and the opinions of the other board members, that I would not implement the agreement with Japhet."

Hurwitz said that when he informed Japhet of his decision not to honour the pension agreement, Japhet obtained the services of an attorney to ensure that the bank carry it out.

"The legal opinion that I received said that the bank would be held responsible for violating an agreement and we would probably lose the case. It seemed more reasonable to reach a compromise with Japhet."

Hurwitz said, "cutting his severance pay by \$1m, and reducing his monthly pension from \$60,000 to \$30,000."

"We knew that the sums remaining were unreasonable, but the risk of getting involved in a complicated public legal battle if we broke the agreement seemed to weigh more heavily at the time."

At the Finance Committee meeting, Dulzin continued to plead, as he has all along, that the Jewish Colonial Trust's directors had no apparatus to supervise Bank Leumi, and that therefore it had not known, and could not have known, what Japhet's terms of employment were.

The dismissal of directors, Dulzin

LEUMI

said, did fall within his competence, and he had used his authority to dismiss Japhet when the chairman had refused to resign in the wake of the Bejski report on the bank shares scandal.

When he had learned of the compensation paid to Japhet, Dulzin said, he had tried to stop it, but it had been too late. He said that he had weighed sacking other directors, but had decided against that.

The trust had been nothing more than a rubber stamp body. That, Dulzin said, could not be permitted to continue. Change would be decided upon within the next 48 hours.

Hurwitz, whom Dulzin said he had helped install, had already made some important changes. It was Japhet who had misled everyone, Dulzin insisted.

Labour's Haim Ramon lashed out at Dulzin for his "two years of insensitivity" on the issue of Japhet's compensation. Dulzin must go now, he said.

After the government had agreed to bail the banks out in the wake of the share crisis, the Finance Committee now had the right to oversee the banks, Likud MK Dan Tichon said.

The original sin, he said, was in the bank's failure to separate the posts of chairman of the board and chief executive officer, which had been united under Japhet.

For committee chairman Avraham Shapira it was the lack of control that had proved the most shock-

ing aspect of the affair. He said he now believed there were a real need to tighten public control over both public and private bodies, and that must be taken up with the governor of the Bank of Israel.

Shapira hinted at benefits the members of the Leumi board might have received both here and abroad.

Bank Leumi had brought about the closure of a number of factories over a matter of a mere half-a-million dollars... at a time when Japhet had been paid a million a year, Shapira complained.

Perhaps there was no need for Dulzin to resign, he said. But he should at least turn over supervision of the bank to the treasurer of the WZO.

In reply, Dulzin stuck to his guns. He had been told, when he took over as governor, that his job was to see that everything ran smoothly.

"The meetings I attended went well, and all I did was listen, because I am not a banker, but a public figure. I have no intention of remaining at my post for long, but I must phase myself out in a responsible manner."

M.E. seminar cancelled due to Rabin ban

A symposium on the Middle East scheduled for next week in San Diego was cancelled after Defence Minister Yitzhak Rabin refused to allow two residents of the territories to attend. Israel Radio reported yesterday.

Court clerk remanded on sexual bribe charge

PETAH TIKVA (Itim). — The chief clerk of the courts in the south, Yitzhak Taub, was yesterday remanded in custody for seven days by the magistrates' court here on suspicion of extorting sexual favours from female court employees and other women.

The police said in court that Taub, 55, sought sexual favours from women who worked for the courts in return for improving their work conditions or for letting them keep their jobs. He sought similar favours from women in divorce proceed-

ings by promising to expedite their cases. Taub, who was arrested Monday at Ben-Gurion Airport on his return from a trip abroad, denied the allegations. He said that they were fabricated by women who were seeking revenge because they had been fired. "It pains me that, despite my dedication to my work and my willingness to help women employees and the public, there are those who have interpreted this in another light," he said.

Judge Shelly Timen noted that it was a delicate

matter for the police to investigate charges against a senior court official whom they have dealt with on a regular basis. However, he praised the work done in this case by the unit for the investigation of serious crimes, saying that it had been balanced and fair.

He said that the evidence indicated that the case was not simply a matter of revenge. He ruled that Taub be released in seven days, but be barred from contact with the courts in the south or with anyone involved in the case.

(Continued from Page One)

cut. He added that the Histadrut's Kupat Holim budget would also be determined in these talks.

The package deal, the reduction in income and corporate taxes, the reform of the capital market and the NIS 400 million cut in the state budget were approved at 5 a.m. Tuesday after an all-night 8-hour debate in the cabinet. The cabinet also approved the 5 to 14 per cent hike in the prices of subsidized basic foods.

Despite the approval of the budget cuts, the Treasury was still facing an uphill battle on their implementation. The Education and Health Ministries were yesterday already in open rebellion against the NIS 30m. cuts in each ministry.

The accord stipulates that the coming cost of living payment will be reduced by 2.7 per cent. Payment of that part of the allowance will be postponed to a date to be determined by the Histadrut and the private employers. Nissim said yesterday the 2.7 per cent would be paid only in April 1988.

Employers' contributions to the National Insurance Institute on behalf of their employees will be re-

NISSIM

duced by 2.7 per cent, on top of the 4.5 per cent reduction approved last year. The Treasury will pay these sums to the NII on behalf of the employers.

The Treasury hopes that the combined effect of the reduced NII payments and cost of living allowance will pull down labour costs, and will prevent a spiralling of wages and prices as a result of the devaluation.

Bruno said yesterday the devaluation of the shekel had been planned three months ago, but its implementation was delayed until the Histadrut gave its approval to a reduction in the C-o-L payment. He hinted that if the Histadrut had agreed to a reduction in wages, there would have been no need for devaluation, and that the latter was necessary to make it easier for the Histadrut to agree to a certain degree of wage erosion.

Nissim and Bruno indicated that the fate of the economic plan hinged on the government's and the employers' ability to resist wage demands in the coming months. The collective wage agreements will expire in April, and the finance minister has already indicated that he

expects the labour federation not to press for any wage increases.

The package deal will be accompanied by a reduction in income tax rates, effective from April 1. The top income tax bracket will drop from 60 per cent to 48 per cent.

In the coming year there will be a 10 per cent surtax on persons earning NIS 9,000 or more a month, bringing their effective marginal tax bracket to 52.8 per cent.

Nissim gave up his plan to cancel a long list of tax exemptions, which Histadrut Secretary-General Yisrael Kessar described as the Histadrut's main achievement in the negotiations, enabling it to agree to the package deal.

Price controls will be extended until April 1988. The price controls still apply to about half of the goods and services in the economy.

Employers' contributions to employees' pension funds will be raised by 1 per cent from April 1988, and the outlay will be tax deductible.

Interest rates on bank loans and overdrafts will be reduced. The

Bank of Israel will allow private companies to borrow abroad, but will impose a 3 per cent levy on the sums borrowed, to avoid a flood of money from abroad.

Despite the devaluation of the shekel, the Industry and Trade Ministry will not allow an automatic rise in the prices of goods and services under administrative control. The ministry said yesterday the only price changes approved so far are the 11 per cent increase in milk and milk products, the 5 per cent rise in the price of frozen chicken, and the 20 per cent rise in the price of bread.

So far the ministry has not decided on any change in the NIS 1,231 to the dollar rate of exchange for rents.

Unlike previous devaluations, Tuesday's was not accompanied by a change in the price of petrol or frozen beef. But the Treasury has already indicated that it will demand a new round of hikes in April, including a 30 per cent increase in the price of public transport, which was prevented by the Histadrut on Tuesday.

With deep sorrow we announce the passing of SYLVIA (Cookie) SIMON of Toronto

Funeral today 1 hour after arrival of El Al 016 from New York (Scheduled arrival 3:15 p.m.) at Kamei Shomron Cemetery. We will meet at entrance gate of Kamei Shomron.

For further information: 052-39048

Shiva at N'el Aliza, 98 Ginoi Shomron, Kamei Shomron.

Murray Simon
Perry and Miriam Simon
Dena and Daniel Kurtz
Avigdor and Miriam Chen
Tova Bryna and Gavriel Weinberg

In deep sorrow, we announce the passing of ALPHONSE HEMAUY

The funeral took place on Sunday, January 11, 1987. Shiva at the home of the deceased, 50 Rehov Basel, Herzliya Pituah.

The Bereaved Family

Iran claims advance on Basra, Baghdad rocketed

NICOSIA (AP) — Iran said its forces have advanced 10 km toward Iraq's port city of Basra and fired a missile yesterday at the capital, Baghdad, Iraq confirmed the missile attack.

Iran's Islamic Republic news agency, which reported the claim, also said Iranian forces now occupied 100 sq. km of Iraqi soil. It said Iranian forces moved "deep inside Iraqi territory" on the southern front in an overnight attack, denying Iraqi claims to have bottled up the offensive.

The latest Iranian claim would put its troops only 20 km from Basra.

The agency claimed 1,000 more Iraqi casualties were killed or wounded, bringing the total number of Iraqi casualties since the operation began Friday to 17,500. Dozens of tanks and armoured vehicles were destroyed.

Iraq had claimed Monday that the Iranians were contained in a narrow area 2 km wide and 5 km long just west of the international border.

Iraq confirmed the Iranians staged an attack in the region overnight but

its official news agency said it was stopped "at the early stage."

There was no way Iran's claims could be independently verified, as neither side has allowed Western correspondents into the area. However, if true, the report would indicate that the Iranians had considerably deepened their bridgehead on Iraqi soil.

Earlier, the BBC quoted sources with access to Western satellite data as saying Iraq had contained the four-day-old offensive, although Iran still held some Iraqi territory. The report came before the overnight fighting.

The Iranian ground-to-ground missile which struck Baghdad early yesterday set off a huge explosion that reverberated through the city.

Iraq countered with renewed air strikes against Iranian cities.

An Iraqi military spokesman said the Iranian missile, the second in three days to strike the city of 4 million, landed in a densely populated area. An Iraqi reporter who works for the Associated Press said he was travelling the main highway linking Baghdad with the interna-

tional airport when he saw a column of black smoke billowing from a distance seconds after the blast. Reporters were not able to go to the scene of the blast.

It was the 18th such missile to hit the Iraqi capital since March 1985. It said Sunday's missile attack resulted in an unspecified number of civilian deaths in Baghdad, and 22 people died the same day.

In response to the missile attacks on Baghdad and on Basra Sunday, Iraq said its warplanes for the third straight day raided the holy city of Qom as well as Isfahan, Iran's third largest city, and the garrison town of Dezful.

Iraq claimed that its jets yesterday bombed military, industrial and economic installations in three northern Iraqi cities — Arbil, Rawanduz and Hasban. Iranian jets have been in action over northern Iraq for the past two days.

Iraq raided seven Iranian cities on Monday, and Iran reported 170 civilians killed and 400 wounded in what the official news agency described as "inhuman" attacks.



This picture was released by the official Iranian news agency with a caption saying it shows the bodies of 66 children killed during an Iraqi missile attack on January 10 on a school for mentally retarded children in Broujerd. (AFP telephoto)

62 killed in 4-day clash

Pretoria admits chasing Swapo inside Angola

WINDHOEK. — Security forces in South African-ruled Namibia killed 56 nationalist guerrillas in four days of major fighting that spread across the border into neighbouring Angola, a military spokesman said yesterday.

The South African-led force lost six of its men in the fighting, bringing to nine the number of soldiers killed this year.

In the same period, 85 Swapo (South West Africa People's Organization) guerrillas, fighting to end South African rule of the mineral-rich disputed territory had been killed, the spokesman said.

Sources close to the South African Defence Force said fighting began when guerrillas infiltrated across the border from base camps inside Angola and were then pursued by South African-led troops back into Angola, where further fighting took place.

The Angolan government has repeatedly accused South African forces of launching raids into its territory in the past month but this is the first time since last November that the South African military has admitted crossing the border.

In Johannesburg, General Mining Union Corporation (Gencor), one of South Africa's big six mining

companies, said yesterday that 3,900 of 8,000 black miners at Beatrix Mine in the Orange Free State had resigned and were returning to their homes in tribal homelands and neighbouring states.

The walk-out follows weekend factional clashes at Beatrix in which eight blacks were killed and 53 injured.

Gencor said it could take up to two months to replace the workers and unofficial estimates put lost gold production at \$14 million.

In a move against the United Democratic Front, South Africa's largest anti-apartheid group, UDF acting general secretary Mohamed Valli has been detained under the government's emergency powers, his colleagues said yesterday.

Elsewhere, police said a black policeman was killed and his girl friend injured when shots were fired at their car Monday night in Guguletu, a black township outside Cape Town. He was the third policeman killed in the Cape Town area this week.

A white policeman died in hospital January 6 after being hit on the head by a stone, and another white policeman was killed Friday when a hand grenade was thrown into a patrol car. (Reuter, AP)

NEWS IN BRIEF

Syria pledges aid to help stop 'camps war'

DAMASCUS (Reuters). — Syria told a special Arab League Committee yesterday it would help its mission to end Lebanon's "camps war" between pro-Syrian Shiite Moslem militiamen and Palestinians. Foreign Minister Farouq al-Shara told the committee "Syria will give all its help towards a cease-fire." Damascus Radio reported.

Tories regain lead

LONDON (Reuters). — Britain's ruling Conservative Party surged back into a five-point lead over the Labour opposition in the latest of a series of widely fluctuating opinion polls published yesterday.

The Harris Poll for the independent television channel TV-AM gave the Tories 42 per cent, compared to 37 per cent for Labour and 20 per cent for the centrist Liberal-Social democratic alliance.

U.S. Mid-East envoy confers with Fahd

RIYADH (Reuters). — King Fahd of Saudi Arabia held talks last night with U.S. envoy Richard Murphy who arrived in Riyadh on a previously unscheduled stop during a three-day Middle East tour. Diplomatic sources in the region said they believed Murphy wanted to ally Saudi concern over Washington's arms deal with Iran as well as to brief officials on progress in efforts to reactivate the Middle East peace process.

Manchester 'stick-up'

MANCHESTER (Reuters). — Ambulancemen, a policeman and a nurse battled for two hours to free a shopkeeper whose hands had been stuck to the counter with instant glue by an armed robber.

Derek Ryan was left glued to the spot and yelling for help on Monday after the gunman shouted "This is a stickup," then spread glue over the counter and ordered: "Stick your hands down in that," police said. The robbers fled with £750 from the stall.

Honorary Sri Lankan consul kidnapped

AMMAN (Reuters). — Sri Lanka's honorary consul in Jordan said yesterday he was kidnapped in Lebanon last week by armed men who beat him repeatedly and held him for two days before his release on Friday.

Tawfiq Abu-Khajil, 48, a Jordanian businessman, told Reuters he was abducted with two Lebanese companions when they stopped at a roadblock on the way to Beirut Airport last Wednesday.

7 years' hard labour for Kazakh rioter

MOSCOW (AFP). — A Communist Party student leader from the Soviet central Asian republic of Kazakhstan has been sentenced to seven years' hard labour for "actively participating" in last month's nationalist riots in the region, the local Kazakhstan Pravda newspaper said.

The sentence, given at the end of an open trial, is the second known to have been handed down by Soviet courts as a result of the rioting in Alma Ata, the Kazakhstan capital, sparked by the appointment of a non-Kazakh, Russian Gennadi Kolbin, to replace the republic's Communist Party chief, formerly a local.

Room torched in fight over swallowed ear

HARARE (AP). — A woman was sentenced to two years in jail yesterday for setting fire to the room of another woman who bit her ear off in a fight and swallowed it, Zimbabwe's news agency reported. The two women began arguing while on duty together at the hospital last July. Evas Mhike reportedly bit off and swallowed Anna Bhaiwa's ear, prompting the injured woman to fetch a can of gasoline, pour it into her co-worker's room and toss in a match. Mhike was seriously burned and spent three weeks in a hospital, the news agency said.

Hussein calls for peace bid by next June

PARIS (Reuters). — King Hussein of Jordan appealed last night for an international effort to solve the Middle East crisis before the 20th anniversary of Israel's occupation of the West Bank and Gaza Strip in June.

"Can one hope for the holding of an international peace conference on the Middle East before this date, which causes so much distress to the world's conscience and to the Palestinian people?" the king asked.

Speaking at a dinner given by President Francois Mitterrand on the first day of a three-day state visit to France, King Hussein also appealed to European states to contribute to Jordan's aid plan for the territories.

Jordan is proposing a \$1 billion, five-year aid plan designed to improve living standards of the territories' 1.4 million Palestinians.

The PLO denounces the aid programme as designed to undermine its influence and favour the emergence of moderate, pro-Jordanian Palestinian leaders. But Hussein said it was designed "to support the (Palestinians') resistance until the end of the long night of occupation."

Major court victory for women in U.S.

WASHINGTON (AP). — The Supreme Court ruled yesterday in a major victory for working women that employers may be required to provide special job protections for pregnant employees.

The justices, by a 6-3 vote, upheld a California law requiring employers to grant leaves of absence to pregnant workers who request them — even if leaves are not granted for any other disability.

Court documents show at least eight other states have similar laws.

GORBACHEV. — Soviet leader Mikhail Gorbachev will make an official visit to Greece this spring, a government spokesman said yesterday, but the exact date for the visit has not yet been fixed, the Greek government said yesterday.

Deng blames intellectuals for unrest

PEKING (AP). — Senior Chinese leader Deng Xiaoping yesterday called intellectuals the main cause of social unrest in China and warned that the Communist Party will take strong action against those opposing its dictates.

Deng, in a meeting with senior Japanese politician Noboru Takeshita, named three well-known intellectuals — including a scientist already expelled from his job — as examples of people who did not follow the party line.

The statements by Deng backed up a hard-hitting campaign in the official media aimed at intellectuals accused of supporting Western capitalism and culture. The intellectuals are accused of misleading youth by questioning the infallibility of the Communist Party.

Deng said the pro-democracy demonstrations in December had subsided and had involved only 2 per cent or less of China's students.

The party previously has faced challenges from the left — apparently referring to the Cultural Revolution — and now is being hindered by resistance from the right, he told Takeshita, and stressed the party will take strong measures to deal with these challenges, but they will not affect his open door policy and economic reforms.

Deng said that to understand China's handling of student activists and intellectuals it was necessary to comprehend the complexities of a nation of more than a billion people that has had little more than 30 years to develop under socialist rule.

The leader placed the blame for China's recent problems on intellectuals who have preached Westernization and the benefits of capitalism. He specifically named Fang Lizhi, 51, an astrophysicist and head of the Science and Technology University in central China, and writers Liu Binyan and Wang Ruowang.

Fang, who was a hero to thousands of Chinese students demonstrating for democracy, was fired for allegedly slandering socialism and defaming the party's leadership.

Liu, a reporter who has written exposes of party wrongdoings, has been a regular target of anti-rightist purges. Wang, a Shanghai writer, also has been a frequent critic of the government.

Sources last week said that all three had been purged from the party.

The Japanese Kyodo news agency yesterday said Deng also scolded Communist Party chief Hu Yaobang and other officials for failing to prevent student demonstrations in the past month.

Kyodo, quoting unnamed Chinese sources in Peking, said Deng angrily criticized the officials for failing in their responsibility to prevent the spread of the protests. (AP, Reuter)

Leningrad project termed a hazard

MOSCOW (AP). — A giant sea wall being built to shield Leningrad from floods was designed without serious regard to its ecological effects, and critics were ignored or simply fired, a Soviet newspaper has reported.

"Where is the protection against the dam?" the *Izvestia* daily titled its story. It was written by four Leningrad residents who questioned the wisdom of the mammoth project, begun in 1979 and scheduled for completion in 1990.

The four said construction of the 25.7 kilometre-long system of dikes, flood gates and tunnels had already been linked to a drop in water quality. Planning and building began despite the protests of experts, they said.

they wrote, "and those who disagreed were dismissed."

The weekend account in *Izvestia*, the official government newspaper, was clearly linked to Soviet leader Mikhail Gorbachev's call for more openness in public life.

But it was unusual in that it brought one of the Soviet Union's large construction schemes under heavy criticism.

Such "hero projects" are commonly held up as proof of the nation's technological prowess, and the race to complete them on or before schedule is amply covered by the state-run media.

The city has been inundated by floods since 1703, after Peter the Great decreed that imperial Russia's new capital, called St. Petersburg, would be erected on a stretch of

North Russian swampland.

Soviet officials have said the floods will end when the highway-topped sea wall is completed across the mouth of the Neva River, on which Leningrad stands.

But the authors of the *Izvestia* story said specialists now believe flooding "played a disinfecting role" in cleansing the Neva estuary, and that beaches near the city had to be shut last summer because the water was too dirty for swimming.

"The ecological consequences of the project are hard to predict. Moreover, nobody considered them seriously," wrote Dimitri Likhachev, a member of the Soviet Academy of Sciences and a renowned expert on Russian literature, and writers Daniel Granin, Mikhail Dudin and A. Liverovsky.

French newsman kidnapped in Lebanon, another escapes

BEIRUT. — Eight pistol-wielding gunmen kidnapped a freelance French journalist in Moslem West Beirut yesterday while another escaped.

Roger Auque, 31, from Lille, France, was grabbed by two men, one brandishing a pistol and the other an assault rifle, as he stepped from the lift in his West Beirut apartment building at 9:50 a.m., a colleague said.

No group immediately claimed responsibility for the latest abduction, which brought the number of foreigners missing in the country to 19.

Auque, who has covered the Lebanon war since 1982, is a freelance photographer with the Paris-based Gamma-Liaison photo news agency and a correspondent for Radio-Television Luxembourg (RTL).

Paul Marchand, a French reporter for Radio Monte Carlo, said he was almost seized along with Auque.

"I started screaming and began to run away," he told Reuters. "One gunman fired in the air. I yelled to Roger, who was coming down in the lift, to escape, but he didn't, and when he left the lift they took him."

Marchand, one of a handful of Western journalists still working in Moslem-controlled West Beirut, later took refuge in the French embassy there.

Auque and Marchand had filmed the early morning activity of Anglican Church hostage negotiator Terry Waite in the nearby Ein Meisseh district before returning to Auque's apartment, where the abduction took place, police said.

Waite, lay aide to the Archbishop of Canterbury Robert Runcie, appeared shocked when told of the latest kidnap. His last mission to Beirut ended in November with the release of U.S. hostage David Jacobson.

(AP, Reuter)



French journalist Roger Auque, 31, who was kidnapped in West Beirut yesterday. (AFP telephoto)

Pope describes long meeting with Jaruzelski as 'historic'

VATICAN CITY (AP). — Polish leader Gen. Wojciech Jaruzelski and Pope John Paul II yesterday held long private talks described by the Vatican as "serious, frank and in-depth."

A brief statement issued by the Vatican after the 70-minute meeting, one of the longest in memory between the pope and a government leader, said they discussed "problems of Polish society, relations between church and state in Poland, and questions regarding international peace."

Addressing Jaruzelski and his entourage of 20 people at the end of the meeting at the papal library, the Polish-born pontiff described the session as "historic." Then, turning

to Jaruzelski, the pope said: "It is my wish that this visit bring the fruits so much desired for Europe and for Poland."

A Vatican source said before the meeting that the pontiff was likely to press Jaruzelski to grant a greater voice to ordinary Poles in running Polish society.

The source, who spoke on condition of anonymity, said the pope was expected to urge more "dialogue" in Poland.

The general was asked by a reporter whether he found understanding from the pope. "Two Poles must always understand each other, above all, concerning the most important problems for Poland and Europe," Jaruzelski said.

Dublin fined £70,000 for phone bugging

DUBLIN (AP). — A court has ordered the state to pay £50,000 in damages to three journalists whose telephones were tapped "without justification" in 1982 by the government of former prime minister Charles Haughey.

The ruling was seen as a victory for Irish civil libertarians and a prestige blow to Haughey, who is seeking to regain the position against incumbent Garret Fitzgerald. Elections could be held next month.

High court judge Liam Hamilton ruled the wire-tapping was done "consciously, deliberately and without justification."

Rejecting the state's argument that the surveillance was "improper but not illegal," the court awarded £20,000 pounds each to Bruce Arnold of the *Irish Independent* and Geraldine Kennedy, a *Sunday Tribune* correspondent at the time, and £10,000 to Arnold's wife Mavis, a freelancer.

Swissair on the move

Swissair is moving to Migdalor on 1 Ben Yehuda Street Tel Aviv. From Sunday, 18 January 1987, you will find us at our new spacious premises on the 14th floor of the Migdalor Building. We will continue to provide you with the well-known Swissair service in our new, modern offices.

Please make a note of our new telephone numbers:
Main Office 03-510 26 20. Reservations 03-510 26 26
Office Hours: Sunday-Thursday, 8:30 a.m. - 5:00 p.m.
Friday (Reservations and ticket office) 8:30 a.m. - 1:00 p.m.

Please Note:

Our present offices at 41 Ben Yehuda and 53 Ben Yehuda St. will close at 1:00 p.m. on Wednesday, 14 January, and will re-open at 8:30 a.m., on Sunday, 18 January at Migdalor.

During the move, our branch offices will be at your service:

Jerusalem 02-23 13 73 Haifa 04-38 46 55 Beer Sheva 057-35 282 Ben Gurion Airport 03-971 11 23.

swissair

MIDDLE EAST

TO THE NORTH of Beirut lies the small town of Jounieh, whose hillsides spill down the slopes of the snow-capped Mount Lebanon to the shores of the Mediterranean in picturesque profusion. Jounieh has long been notorious as a centre for shady business dealings, carried out by the various squabbling factions of the Lebanese Christian forces or the Phalangists.

The small town has always been prosperous thanks to its private harbour, open to all comers for a price. The Jounieh port is a veritable Golden Gate showering dollars on the Christian elite and its sympathizers, who are determined to keep their tables laden with foreign luxuries and their nightclubs and casinos thriving.

Jounieh does not hesitate to open its port to gun-runners or narcotics growers from the Bekas. Neither does it draw the line at dealing with its arch-enemy who was once within an ace of toppling the Christian presence in Lebanon - Yasser Arafat.

NOT LONG ago, the PLO's number two man Salah Halaf, usually known as Abu Iyad, was asked how he had managed to get 2,000 of his men back into the refugee camps in West Beirut and South Lebanon, and where he had managed to procure such quantities of materiel, including tanks and guns.

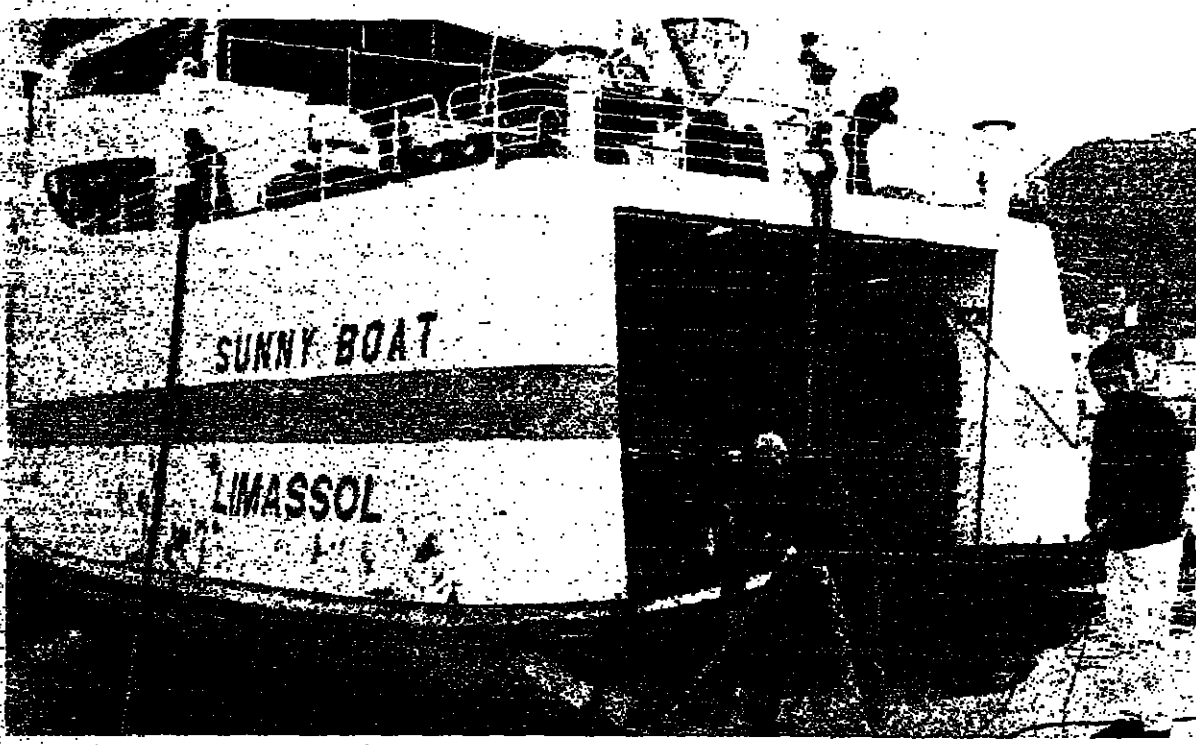
Abu Iyad, known for his blunt answers, revealed, to the amazement of the inquirer, the Christian share in PLO gains in Lebanon. "There is a charming collection of people in Lebanon who know how to profit from other people's tragedies and who would say black is white in return for generous bundles of greenbacks."

Even before this revelation, Abu Iyad had let slip something else that activated a warning light in Israeli defence circles. He said that Lebanon's President Amin Jemayel had, in a surprise move, acceded to his personal request to take back "thousands of wretched Palestinian youths stranded in seven Arab states, pining for their families in Lebanon whom they had not seen since their expulsion from Beirut by the IDF."

According to Abu Iyad, Jemayel arrived in person by special plane at PLO headquarters in Tunisia and handed over thousands of blank passports, leaving the PLO top brass to provide photos and personal details of the "youths" applying for family reunification.

THIS WAS the origin of the bizarre business deal running into millions of dollars between Phalangist leaders and the PLO. The deal required the Lebanese Christian forces under Dr. Samir Jeaia to take in several thousand Palestinian supporters of Yasser Arafat who landed at Nicosia and were taken from there to the port of Larnaca.

The routes, fraught with danger owing to blockading by the Shi'ite



Cypriot ferry used to transport Palestinians to Lebanon.

(AFP telephoto)

Cash on delivery

Sheffi Gabai

Amal faction, were unexpectedly secure following liberal infusions of dollars from the Phalangists to the Lebanese gangs operating in the area.

Until only a few years ago, the Phalangists used to make sorties from Jounieh and East Beirut in pursuit of their favourite sport - hunting down Palestinians. Palestinians falling into their hands would be subjected to a summary trial and condemned to death. They would be roped to horses and dragged over the fields - just as the Phalangists had seen in their favourite Westerns.

Now Jeaia and his men were giving the Palestinian fighters the full VIP treatment on their arrival in Jounieh.

The Amal Shi'ites were the first to break the news of the deal. Their announcements captured Israeli attention. Until then, Israel Navy battieships had been blockading the southern ports - Druze-held Halde and Sunni Moslem Sidon. The PLO fighters dared not approach the ports of Beirut and Tyre which were under surveillance by Amal fighters.

Up until two or three years ago, Arafat had used Halde and Sidon but was forced to abandon them following Israel Navy successes in keeping out his people.

WITH SYRIAN encouragement, Amal launched the war of the camps against the waves of Palestinian returnees and declared unequivocally: "There can be no return to the situation prior to the Israeli invasion of June, 1982 and there will be no Arafat state in Beirut or the south."

However, Amal was surprised to discover that large quantities of arms

from Lebanese sources had been flowing to the returnees. Following investigations carried out by Amal in conjunction with Syrian intelligence, Amal made several announcements indicating that Phalangist leaders were supplying the Palestinians with arms in exchange for large sums of money.

According to Lebanese publications, the captain of a battleship belonging to the Lebanese Christian forces on its way from Cyprus to Jounieh was surprised by an Israeli battleship. The ship which was, according to Amal, laden with Palestinians was neither sunk nor intercepted. But the incident served as warning that their ships would be sunk in future.

The Phalangist leadership, caught red-handed, stopped ferrying Palestinians on its ships but did not abandon the deal. It brought in a Cypriot ferry service with regular passenger sailings between Jounieh and Larnaca. It turned out that the ferries, too, had come under the watchful eye of the Israel Navy whose surveillance jerked the Phalangists out of their complacency and they raised the vociferous hue and cry: "Israel has blockaded Jounieh and is trying to ruin our economy."

This was the first time the Christians had made these kind of accusations against Israel. The Defence Ministry coordinator in Southern Lebanon, Uri Lubrani, described them on an Israel Radio Arabic language programme as lies to cover

up complicity between the Christians and the heads of the terrorist organizations.

Over the last few months, the Phalangist leadership has taken under its wing top Fatah commanders expelled from Jordan. Jeaia and his men received them and transferred them to the refugee camps where they have begun to rebuild the infrastructure of a state within a state - to the extreme displeasure of Amal.

ONE NIGHT recently, viewers were taken by surprise when for the first time Arafat appeared in a special interview on the Phalangist TV station. Arafat showered praises on the Maronites, especially President Amin Jemayel and on Christian forces commanders. He revealed that Jemayel had handed over tens of thousands of blank passports to Palestinians expelled from Beirut.

Christian leaders are trying to explain away the agreement with Arafat by describing it as no more business deal. They claim their interest in the deal was the attrition of the Shi'ite forces who are jostling for pride of place in Lebanon. The deal, they say, was also aimed at nipping in the bud Khomeinist visions of an Islamic republic in Lebanon.

FOR THE population of Jounieh and East Beirut all that matters is that the easy dollars are today worth about 100 Lebanese pounds compared to 18 pounds a year ago. A short distance away from the town, the unending war rages on. But the night and parties round the laden tables continue into the wee hours of the morning.

(Reprinted from Ma'ariv)

THERE WILL also be continuity in policy on another major issue: the determination of the government not to countenance the emergence of any Arab political body claiming to represent the Arab minority on a national basis. Arens has already declared that he will not meet with the committee of heads of Arab local councils which has such pretensions. Ginat said that he and Weizman, too, had refused to meet with the committee in that guise. Meetings with them had been held, but only to discuss municipal questions, and always in the presence of the chairman of the Union of Local Authorities, Dov Tavori.

Subsequently, Labour MK Abdel Wahab Darousha, told me that he had met with Arens last week, and that the minister had agreed to meet with the committee, but again only on condition that municipal affairs alone were discussed and in the presence of Tavori.

Ginat expressed the hope that more Arabs would be welcome in, and would actually work through, Zionist political parties. In this regard, he noted that the number of Arabs who had voted for Labour in the last elections would have been enough for three Knesset seats, but that only one Arab candidate Darousha - had been placed in a safe place on the list and had been elected.

He is especially proud of the non-governmental, non-profit organization he chairs, Avuka, which has set itself a three-fold purpose: to foster Arab-Jewish relations; to fund community, sports and cultural activities in Arab localities and to encourage technological education in Arab schools. He told me that in the past few weeks, a DM 40,000 donation had been received from Germany which had gone for equipment for technological education in Baka Al-Gharbiya and Shfaram. The American financier, Mishulam Riklis, is setting up a \$1 million fund for community development in the Arab sector, in the framework of Avuka, which is also planning to launch a major money raising campaign in the U.S. in the near future.

Ginat, a former lecturer in anthropology at Haifa University is not returning to academia now that he has left his post for he has been appointed adviser on Arab affairs to the minister of agriculture. He had worked for 14 years in the Arab Adviser's Office, where he had reached the position of deputy to the adviser. Ginat had done his doctoral studies at the University of Utah, where he had learned all about the Mormons.

He was born and raised in the Jewish settlement of Atarot, north of Jerusalem. He and his family were forced to abandon their home, in the early months of the 1948 War of Independence, when Atarot was on the verge of being overrun by the Arab Legion. "In a way, I too, was a Palestinian refugee," he noted wryly.

The Middle East page is edited by Yehuda Litani.

Has Iran the military clout for a final push?

Simon de Bruxelles and Farzad Bazoft / London

IRAN'S latest limited offensive, which began early last Friday, has failed.

Once again the Iraqis seem to have been content to allow the lightly armed Iranian infantry to establish a foothold across the Shatt al-Arab waterway before using their massive advantage in air and artillery fire to pulverize the attackers' foxholes.

The Iraqis are trying to cut off the Iraqi port city of Basra from the rest of the country. Last year, in a daring amphibious operation planned by the regular army, they captured the Al-Faw peninsula.

Since then they have been trying to exploit this success but their "big push" has failed to materialize, and some observers of the Gulf war are beginning to doubt that Iran still has the military clout for a decisive offensive.

If the offensive is to come, it must come soon. Final victory was promised by Ayatollah Khomeini in 1986. As the Persian new year falls in March, he has three months in which to keep his word.

But U.S. Defence Department officials say a certain war-weariness is setting in.

The regime is finding it more difficult than ever to recruit fresh blood for the front. "Human wave" attacks against a better armed enemy have sapped the army's strength. Parents are reluctant to let their children go. Young men, barely out of their teens, without legs or arms, are a common sight in the streets of every town and village in Iran.

Support for the ayatollah is said to be weakening. As one expert on Iranian affairs put it last week, "The people are beginning to believe that the only thing this regime has contributed to Iran is the war with Iraq."

The economy will be a vital factor in deciding the outcome of the conflict. The world-wide fall in oil prices has meant a drop in revenue for Iran from \$16 billion in 1985 to an estimated \$6 billion last year, while the country has allocated 40 per cent of its national budget to funding the war.

With most of Iran's industry closed down due to lack of raw materials and hard foreign currency, the task of feeding the country's population of 45 million is increasingly difficult. Rationing is in force and the number of unemployed has reached record levels. The price of all domestic commodities has rocketed while the black market is thriving.

Because of the economic and personal hardships Iranians have had to suffer, the regime finds itself more committed than ever to achieving a significant victory. The continuation of the war has become a vital ingredient for the survival of the regime. If Ayatollah Khomeini were to change his mind and talk peace tomorrow, the result in Iran would be explosive. With so much blood already shed the decision would be unacceptable both to those against the war and to those still willing to die for it.



Bodies of Iraqi troops killed in the Al-Faw campaign. (Reuters telephoto)

Western military observers believe the offensive will come after the Iranian new year in March when the rain and cloudy weather will favour Iran's ground forces. Until then, it appears the Iraqis intend to keep up a series of relatively small-scale offensives, aimed at keeping the Iraqis off-balance rather than making serious attempts to capture territory.

IN THE big offensive, a two-pronged attack is expected, with men and equipment poured through the captured Al-Faw peninsula.

Troops would then advance westwards, cutting the Iraq-Kuwait road link. At the same time, the Iranian infantry would swarm over the marshes and cut the main Baghdad to Basra highway, advancing on the central, holy town of Karbala, described by Khomeini as the "Gate to Jerusalem." That is the theory at least.

Boasts about the "final offensive" have been heard in Tehran since last summer. But a few influential politicians - afraid that failure would drain the country's resources, fuel discontent and end in the overthrow of the regime - are attempting to delay it. The differences in opinion have made it difficult for the Ayatollah to give a final decision.

Those who support the offensive include Prime Minister Hussein Mussavi, and Hashemi Rafsanjani, speaker of the Majlis, the Iranian parliament, and the most powerful and influential political leader after Khomeini himself.

The country's president, Ali Khamenei, and Ayatollah Hussein Ali Montazeri - Khomeini's heir-apparent - are playing for time.

Another deciding factor is declining morale in the Iranian army which feels its authority has been undermined since the amalgamation of the Pasdaran - the Revolutionary Guards - into the armed forces on the direct orders of Ayatollah Khomeini in 1985. The move was intended to create a "watchdog" within the army, an establishment which Khomeini has never fully trusted, despite having executed virtually all officers who served under the Shah.

It is also doubtful whether Iran can provide adequate air cover for a full-scale offensive against Iraq. The relatively small quantity of arms and equipment sent to Iran by the United States last year would have done little to help. But the U.S. decision to break its own embargo has sent the world's arms dealers flocking to Tehran, eager to sell their wares. (London Observer Service)



Yosef Ginat (Y. Barzilay)

"YES, there is a process of polarization among Israeli Arabs. It is not, however, going primarily in the direction of identification with Palestinian nationalism, but in a number of directions, including an interesting development of a very special sort of Arab-Israeli nationalism. The question is what do we do about these trends."

"I believe that the desirable development for Israel and for her Arab citizens is that a maximum of Israeli Arabs be loyal citizens of Israel. And I believe that we, both as individual Israeli Jews and as the Israeli establishment, can influence many of them, by what we do, to see themselves as loyal citizens, and to behave accordingly."

Thus said Dr. Yosef Ginat, then adviser on Arab affairs as aide to Minister Ezer Weizman, in an interview I had with him exactly a year ago. I recently saw Dr. Ginat again, a week before he left the post, to hear his assessment of what had been accomplished, and what had not, during the two year tenure of the Weizman-Ginat team.

Weizman has been replaced by the Likud's Moshe Arens, as a result of the rotation agreement whereby Yitzhak Shamir replaced Shimon Peres as prime minister. The unprecedented titles of both - Weizman and Arens - in the unprecedented government of national unity was, and is, minister in the Prime Minister's Office.

Amos Gilboa, retired deputy head of military intelligence, was appointed to take over from Ginat as aide to the new minister in charge of Arab affairs, Arens. Physically, coordination of the government's activities in Arab affairs is shifting with Arens from the Prime Minister's Office in Givat Ran on the western side of Jerusalem to the government offices below the Mt. Scopus campus of the Hebrew University, in the east, where Arens has had his office for the past two-and-a-half years.

Ginat asserts emphatically that Israeli Arabs have developed a sense of solidarity with Palestinian nationalism, but not an identity with it. He noted, for example, that no strong ties have developed between Israeli Arabs and Palestinians in the

Next step for Israeli Arabs

Yosef Goell

territories. He added that in the 1984 elections the PLO had demanded that Israeli Arabs boycott the elections, but with the exception of the radical Ibra el-Balad (Sons of the Land), the vast majority of Israeli Arabs had voted.

The main problem confronting Israeli Arabs, Ginat said, was how to make it, both as individuals and as members of a minority group, in a unique situation in Israel. The main thrust of the change in approach developed under Weizman, he said, was to encourage a greater involvement of the Arabs themselves in decisions taken in their regard. This was to be done not by dealing with individuals, but with communities, in the villages and the tribes.

The ideal, he added, was to eliminate the need for an Arab Adviser's Office altogether, bringing the Arabs and the establishment to a point at which Arab citizens could themselves apply to the establishment and expect to get a fair hearing.

REGARDING the goal of greater participation, Ginat cited the case of the returning Area Nine military training lands to their owners. "Even before we knew what the outcome of the consultations between the various departments of government would be in that matter, we invited the representatives of Sakhnin, Arrabe and Deir Hanna to participate in those consultations."

"At the present time, one of the most serious problems we are dealing with are the extreme slum conditions in the Rakvet neighbourhood of Lod - I have never seen such slums in my life. There, too, we invited the residents to take part in the original survey of the area, to hear our explanations and to make their grievances and needs known to us."

Ginat added that he and Weizman had also been determined to approach old problems with open minds with a view to their reassessment, as opposed to simply accepting the existence of the status quo as given. The return of the Area Nine lands was one such example. It is not yet clear whether their approach to the festering problem of massive illegal building in the Arab sector could also be considered another such example.

When Weizman and Ginat took office, there were thousands of outstanding court demolition orders for such illegal buildings in all parts of the Arab sector. These were put on ice, and an interministerial committee headed by the assistant director-general of the Interior Ministry, Yitzhak Markowitz, was appointed to

come up with a proposed solution. The committee in which all the relevant ministries were represented, submitted its report and recommendations close to half a year ago "but the government has not yet gotten around to considering them."

The government has failed to adopt a policy in this area, and the problem continues to fester. A few weeks ago, it led to the demolition of seven houses of the Beduin Arab el-Hawaleh tribe near Tivon in lower Galilee. "What happened there is very serious," Ginat told me, fuming at the bureaucratic slap in the face he had received when the Interior Ministry had not informed him and Arens of the impending action. "The Ministry of Interior was represented in the committee dealing with those Beduin. We had agreed that there would be negotiations to persuade them to move to the nearby Ras Ali settlement and that nothing would be done in the meantime."

GINAT ALSO noted with pride that his office had prepared proposals for a coherent policy on Arab affairs and that, for the first time in 38 years, the government had met for one session on the matter. But that was half a year ago and the government had not yet wound up its discussion and adopted a policy. Ginat hopes that Arens will push for such a session and for decisions that would lead coherence to that policy. The demolition of Beduin homes at el-Hawaleh, however, is one example of the extreme policy fragmentation, lack of coordination and at times, the working at cross purposes that exists in this area.

The fact that Arens was following Weizman in taking on responsibility for policy towards the Arabs is a welcome indication that that responsibility was becoming institutionalized at the ministerial level, Ginat agreed. Previously, responsibility for coordination of Arab policy lay with an official, the Arab affairs adviser. That post, or at least the title, was abolished when Weizman took over, and now Gilboa is following Ginat as an aide to the minister rather than as Arab affairs adviser.

Ginat feels that that is all to the good because a minister has that much more clout than an official. Both Weizman had, and Arens has, the ear of their respective prime ministers, and one may expect movement on a number of matters that had previously been bottled up in the fragmented bureaucracy. Ginat also says that many Arabs appreciated the fact that, for the first time, they had direct access to a minister.

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JUST AS ZOO animals gape curiously at the humans who visit them, some humans—in the form of sociobiologists—watch animals' behaviour to seek out the biological roots of human personality and actions.

The "sociobiology of conflict" was the subject of discussion at the ninth meeting of the European Sociobiology Society, which was held at the Van Leer Institute in Jerusalem. About 20 European and North American researchers—anthropologists, sociologists, doctors and psychologists—met with a similar number of their Israeli counterparts to discuss this inter-disciplinary topic: what biological influences on humans can be discerned by observing animals?

The meeting was organized in Israel for the first time by Dr. Micha Hopp, an epidemiologist at the Hebrew University's Agriculture Faculty in Rehovot, who's special interest is conflict and aggression.

Mature apes, mongooses and other animals almost never attack their immature young, because they know that such aggressive acts would likely turn them into timid creatures for the rest of their lives, said Prof. Anne Rasa of the University of Pretoria.

The British-born, South African zoologist, reporting on studies she had conducted on various mammals, said that aggression learned at an early age becomes patterned behaviour while animals taught meek behaviour retain their timidity over time.

Mice have been observed to act the "loser role" by seeing a fellow mouse hanging helplessly by its tail nearby.

Because mass timidity among adult animals could result in their being wiped out by an aggressor of another species, nature keeps older animals from attacking the young in order not to induce such timidity. As



This monkey mirrors the work of sociobiologists

(Liora Hashin)

Aping animals

Judy Siegel-Itzkovich

As a result, it is only the younger animals of approximately the same size who attack each other playfully.

PROF. AMOS ZAHAVI of Tel Aviv University discussed "signalling"—the body language of animals that lets them communicate with others of their kind. He concluded from his research that any signal communicated to another must "cost something"—to be of real value. If the signal does not entail real effort, it is not a meaningful signal.

This observation even led to an argument about the signalling of the U.S. vis-à-vis that of the USSR in their nuclear policy.

Dr. Hopp told *The Jerusalem Post* that observations about animals can

occasionally be carried through to generalizations about human beings, but she said that even where this is not possible, the attempt at least provides intellectual stimulation.

The research of Dr. Meira Weiss, an Israeli, on how mothers bond with their newborn babies, was mentioned by Prof. Yohanan Peres of Tel Aviv University. She found that if the babies looked slightly odd, even though the disfigurement was only temporary, completely healthy, mothers often rejected the babies and had trouble bonding with them. But if a baby had some internal defect involving the brain or heart, but otherwise had a normal appearance, the mother had no trouble bonding with the baby.

A SLENDER finger of water points north-east from the tip of the Red Sea, bordered on the west by the Sinai Peninsula, on the east by Saudi Arabia. This gulf, which takes its names from either Eilat or Akaba, is home to some of the world's most beautiful and organically-diverse coral reef systems.

The proximity of Israel's educational institutions to this natural and scientific wonder provides them with an uncommon opportunity for hands-on research, and Tel Aviv University takes full advantage of this circumstance.

For the past 14 years, Associate Professor of Marine Biology Yossi Loya has regularly used this resource in his classes. Two years ago, he and some of his graduate students began sharing their knowledge with visiting undergraduates enrolled in TAU's Overseas Student Programme, travelling with them to Eilat to study what Loya calls, "The Underwater Tropical Rainforest."

"With the exception of the tropical rainforest," says Loya, "there is no other ecosystem on earth that exhibits the huge variety of species of both flora and fauna per unit area found on the coral reef."

Like their terrestrial counterparts, these communities are restricted to specific geographic regions. Corals, which provide the foundation for the ecosystem, are distributed in a belt extending from 30 degrees north to 30 degrees south of the equator. Eilat lies approximately on the northern border of this zone, and its reef system offers a number of interesting, and some unique aspects for study.

One of these is its profile. Every coral reef has an individual profile, determined by the abundance and distribution of the coral species which compose it. Eilat's extremely diverse profile is unparalleled and outclasses much larger and more celebrated reefs. For example, Australia's Great Barrier Reef, which winds along the eastern coast of that continent for about 1,600 kilometres, boasts 400 species of coral. The fringing reef at Eilat, representing an earlier stage in reef evolution, contains about 100 documented species. However, on a metre-by-metre basis, Eilat's reef claims a much higher diversity: an average of 15 species per 10 metres, compared to the Great Barrier Reef's seven.

"This is a significant discrepancy," Loya states. "Common sense would lead you to believe that the older and larger reef would be more diverse, and in terms of overall numbers, it is. But there have been special conditions associated with the Eilat reef which have led to the incredible interplay of species we find there."

DUE TO a natural catastrophe in 1970, the reef is currently in the "early-successional" stage of development. In September of that year, a series of extreme low-tides left the reef-flat exposed to a depth of 60 centimetres for about four hours on each of four consecutive days, killing nearly all of the corals. In effect, this opened the way for re-colonization of the area by the larvae of deep-water corals.

"Corals require a hard, stable substrate on which to grow," Loya explains. "The skeleton left when a coral dies provides an ideal settling place for the larvae of other corals. Essentially, when the reef-flat was cleared in 1970, a whole new frontier was opened."

What ensued was akin to a mad rush for prime living-space, and

Variety of life

Andrew Alt



(Shimon Cohen)

actual physical competition among various species of coral.

"Most people think of corals as non-living, stone-like structures," Loya notes. "Actually, they are vital and dynamic organisms, and operate under the same set of ecological principles as the more mobile members of the reef community."

The scleractinians, or stony corals, are composed of colonies of polyps—small, tube-like animals with mouth-openings that are surrounded by tentacles which are related to medusae (jellyfish) and sea anemones. With few exceptions, these polyps are retracted during the day and extend only at night, when the reef is transformed into a waving, colourful meadow. It is during this time that the corals feed externally, using the nematocysts, or stinging cells, located in their tentacles.

It is also under the cover of darkness that corals actively compete for space on the reef. During the day, light, it is possible to observe corals of different species in seemingly benign physical contact with one another. But usually one of the two species displays damage around the area of contact, as a result of the extracellular digestion carried out by the tentacles of the more aggressive coral. Eventually, the weaker coral may die and be completely overgrown by the more dominant.

Additionally, there are two methods by which a coral may "attack" other species without direct physical contact. One of these in-

volves the use of mesenterial filaments, or "sweeper tentacles."

"There are cases," Loya explains, "where one coral which is separated from another by a few centimetres shows damage on the side facing the other coral. This is a result of the nocturnal extension of mesenterial filaments, which are white, stringy structures, filled with nematocysts that digest the delicate living tissue of other corals."

A second, more passive method of securing space on the reef is through a kind of chemical warfare, termed "allelopathy." Certain corals are surrounded by a uniform ring of naked substrate. Usually, this is caused by the emission of some type of biological toxin, which prohibits encroachment by other species and assures the coral ample room in which to grow.

Because of the aforementioned re-colonization of the reef-flat, these instances of interspecific aggression are numerous. As a result, the reef's profile is constantly, albeit gradually, changing.

THIS FACET of reef-life provides the basis for a special course for students in Tel Aviv University's Overseas Student Programme. Its director, Amos Gilboa, a career military officer until assuming his present position two years ago, arranged with Loya to extend the boundaries of TAU's marine biology department beyond traditional course offerings.

"This course is a nearly perfect blend of the goals we've set for our

programme," Gilboa asserts. "At once, it encourages academic excellence while supplying the students with a better understanding of those things, such as the Eilat Nature Reserve, which are essential to Israel."

Loya agrees. "It's not enough to simply sit in a classroom. In order to allow visiting students to form a complete impression of the country, it is necessary to take them out and show them what it is made of. The Eilat reef is a wonderful tool for this."

In addition to the natural catastrophe of 1970, the 16 students participating in the special course each semester learn something about the errors of man.

"The greatest tragedy to hit our reefs came in the mid-1970s," Loya recalls. "From 1974 through 1978, while the Suez Canal was closed for political reasons, oil bound for Europe was carried by tankers to the receiving station just south of Eilat. During that period, there were an average of four spills per month. The damage to the corals in the nature reserve was extensive, and the reef is just beginning to return to its former state."

Loya, his colleagues and students conducted numerous studies of the effects of this type of pollution on the life-functions of scleractinians, finding that the most dire consequences were in the area of reproduction.

"We discovered that the oil had basically three effects on the corals' reproduction," says Loya. "First, it reduced the overall number of gonads—eggs and sperm—produced. Second, we found that the mortality rate of coral larvae increases dramatically with increasing concentrations of oil. And, third, there are some types of corals which will spontaneously abort their young in the presence of even minute quantities of oil."

These effects on coral reproduction were especially problematic in light of the delicate arrangement of such functions on the Eilat reef. Unlike the varied corals on the Great Barrier Reef, which release their larvae en masse shortly after the full moon in October or November, those in the Red Sea exhibit a phenomenon known as temporal reproductive isolation.

"On the Red Sea reefs, no two species of coral release their planulae, their larvae, during the same period of time," Loya explains. "Each species gives birth, so to speak, according to a particular lunar phase during a particular month."

Further, from January through March, much of the reef is covered with algae, which hinders the ability of young corals to settle on available substrate. However, with the beginning of the reproductive season, different species of algae disappear from the reef at different times, clearing space for settlement.

"Both of these factors seem designed to eliminate initial competition for space among planulae—in effect, to give them all a fighting chance," Loya notes. "We are still a lot of questions, though, as this is a relatively new area of study."

In fact, the whole field of marine biology is a relatively new field of research. Loya, who has been involved in related research for about 20 years, is one of the discipline's pioneers.

"I have spent countless hours underwater, and still, every time I dive, I see something new," he marvels. "It's an incredible, complex world, and a fantastic resource for Israel. We should do everything in our power to assure its preservation."

Human guinea pigs

THE ONLY completely-closed ecological system ever to survive on its own for years was a sealed globe containing shrimp and algae living off each other for 17 years.

Now eight Americans are trying to make history—and take a big step forward for scientific research—by locking themselves up for two years in the middle of the Arizona desert.

The latest issue of *Popular Science* reports on this bold experiment, called Biosphere II (the planted Earth is Biosphere I). Ground is now being broken for the 10-dunam, glass-covered environment; and the eight human guinea pigs will move in, if all goes well, in June, 1989.

Completely shut off from the outside world, except for computer communications, the Biospherians must produce their own food, water, oxygen and other supplies. The effort is being funded by a private company called Space Biospheres Ventures, but important contributions are being made by experts from several important organizations like the Smithsonian Institution, the U.S. Geological Survey and the New York Botanical Garden.

The company that is establishing Biosphere II even expects to make a profit by licensing technology to be developed in the glass-covered colony, which could serve as a future model for space colonies.

Vegetables and fruit will be grown hydroponically in greenhouses; and since pesticides will be banned, ladybugs and microscopic ground wasps will be brought to kill agricultural pests.

An orange-coloured fish called tilapia will be grown for food as well. There will be no room for cows, but perhaps chickens and sheep will be raised. The Biospherians will grow coffee and cocoa plants to make life more enjoyable, as well as medicinal plants and fibre plants to make clothing and rope.

Water will be produced by rain machines; and wind machines will circulate air through the complex to simulate various climates. Tem-

pered glass will keep most of the desert heat of the area, less than an hour's drive from Tucson, out of Biosphere II.

Aside from the technological planning involved, it is hoped that the developers have given a thought to the psychological welfare of the eight Biospherians, who are likely to get on each other's nerves in their glass paradise, unable to run away for two whole years.

COMPUTERIZED PLUMBING is the latest word from an English firm, which is introducing a push-button device allowing you to order the temperature and amount of water you want in your shower or sink. The computer turns the water faucets on and off, and a thermostat determines the exact temperature. Walker-Crosswell makes it.

PEOPLE USE electricity in peak hours, and much less during other times of day. This causes problems for electricity companies around the world. At peak periods, they must have enough generating capacity to serve everyone, and at quiet periods, they have expensive plants sitting around with almost nothing to do.

Popular Science reports on a new idea to resolve this problem. The Electric Power Research Institute and Southern California Edison Company will build the idea into a new operating plant. They'll install huge, industrial-sized batteries. In times of light demand, idle generating capacity will be used to charge the batteries. The stored power will be used to meet the demand during peak hours. The Chino, California plant will be in operation within a year.

The idea uses the same principle behind emergency lamps plugged in all the time that produce light during a power blackout.

RAFAEL, the armament-development authority, and the Tadiran company have set up a partnership to develop, manufacture and market electro-optic devices that can "see" in the dark. These devices are



Judy Siegel-Itzkovich

meant to feel differences in temperature of less than one-tenth of a degree Celsius from great distances. A thermal picture can be produced of the object at a distance, even when there is no light in the area.

Each of the partners has worked separately for years on infrared detection devices. With their new deal, they hope to pool efforts and be more efficient and productive. All work must be under controlled humidity and temperature conditions, and in completely clean environments.

Solid-state electro-optics has many applications not only in the military, but also in the civilian field. Rafael and Tadiran believe they have collected some of the top experts in the field to work with them. "CHAOTIC BEHAVIOUR" in natural and man-made systems was discussed recently at a symposium organized by the Weizmann Institute.

This is a relatively new scientific discipline with applications in communications, weather forecasting, oceanography and biological population dynamics. It was attended by 50 scientists working in physics, mathematics, chemistry and biology.

The study of "chaos" tries to understand and describe the dynamic changes occurring in various systems as they break down from ordered behaviour into a seemingly uncontrolled, turbulent state. Researchers use mathematical models to predict and study turbulent flow in liquids, such as waterfalls, or the movement of air in the atmosphere. It can also be used to understand the changes in populations of wild animals.

Scientists now believe that despite the specific nature of the various systems studied, there are universal elements that operate in all assemblages that show chaotic behaviour. The operation of petroleum pipelines will get the first benefit from such study. Constant turbulence in the pipes raises the energy needed to pump the oil. By coating the inside of the pipe with a polymeric substance, the oil flows much more smoothly.

A COMPANY that makes chain saws, lawn-mowers and other outdoor power products has developed a saw that eliminates dangerous kickback—and has abandoned its patent rights, so all brands can use the safety device.

HomeLife, a division of Textron based in Charlotte, North Carolina, has produced the only chain saw equipped with a safety tip that eliminates kickback. The device, mounted on the tip of the saw, ensures that you don't cut with the tip. In this way, the user does not get pushed backward forcefully and possibly injured.

The company says that the device is meant for the amateur handman, who is not prepared for kickback, but it also protects the professional.

HAMBURG, West Germany, produces so much garbage and other waste material that it exports 500,000 tons of sludge to the largest rubbish dump in Europe on the northwestern edge of East Germany at Schoenberg. The city authorities across the border from Schoenberg, in Luebeck, are not happy about this, fearful that poisons could seep into ground water from which the city gets its drinking supply.

If the courts stop Hamburg from sending its garbage away, one of the largest copper refineries in Western Europe, and a major Hamburg employer, will have to close down for no place to send its wastes. The *London Observer* reports that other companies, including aluminium refineries, will have to do the same.

Species explosion

Mitchell Zuckoff/Boston

SKIES OFF Cape Cod are clouded with gulls, ponds around the country teem with troublesome carp, and trees in Florida bustle with monkeys, and it's all humanity's fault.

Just as neglect and excessive hunting have wiped out or endangered some species, putting animals into predator-free environments or giving them unlimited food supplies has resulted in animal population explosions.

Although experts say the pockets of overpopulation are not nearly as worrisome as the elimination of native creatures, they carry special concerns that often require action.

"Man has changed the environment to suit himself, and in most cases this has worked to the disadvantage of wildlife," said Sandy Sprunt, vice president for research at the National Audubon Society, an environmentalist group. "Now that we've created a problem, it's justified to do something about it."

Among the most drastic courses of action are sterilizing or killing overabundant species to prevent further disturbances to the ecosystem. Poison is one method under consideration to control gulls on the Monomoy Islands, a 2,750-acre national refuge off New England's Cape Cod area that has the largest gull population in North America.

When the islands became a refuge in 1963, there were five pairs of nesting gulls. Fuelled by a feast of garbage at the cape's landfills, which are growing with the region's population, the great black-backed and herring gulls now number 20,000 pairs.

The voracious gulls have squeezed out rare species of shore birds like piping plovers and roseate terns.

"Our desire is not to eliminate the gull colony," said Curt Laffin, chief of planning for the U.S. Fish and Wildlife Service's northeast office. "Our desire is to allow the full range of species that use the islands to nest there."

A proposal calls for workers to mix poison with margarine, spread it on bread and drop pieces in the gulls' nests. Experience indicates only the

gulls will eat the bread, said Scott Melvin, zoologist for the Massachusetts Natural Heritage Programme.

"It's manipulative wildlife management," he said. "But my feeling is that we're living in a very man-dominated ecosystem, and we're deluding ourselves if we think we can put a fence around this refuge and walk away and let nature take its course."

ANOTHER human-created problem occurred at a Silver Springs, Florida, tourist attraction that was home to several hundred descendants of the wild rhesus monkeys used in Tarzan jungle movies filmed there in the 1930s.

The movies became unfashionable, but the monkeys kept multiplying, becoming a nuisance to tourists and residents.

In September, it was announced that 75 of the primates would be shipped to a Missouri animal farm. Some older females also were to be sterilized, with more to follow if no complications resulted.

The Florida Fish and Game Commission said the monkeys' wanderings posed a threat up to 100 km. away. There were 19 reports of monkey bites from 1977 to 1984.

Overpopulation also has been a problem with the common carp, a bottom-feeder brought from Europe and introduced in the U.S. by the government in the 1800s.

"It quickly took hold all over the country and is regarded as a failure," said Steve Taub, a fishery biologist with the fish and wildlife service. He said the fish stir up sediment and have limited appeal as table fare, even though they are considered a delicacy in some parts of the world.

One of the most well-known animal population explosions involves the starling, which thrives all over the U.S. since being imported from Europe in the 1800s.

Other birds, such as the English sparrow, also have experienced population booms in this country, as have gypsy moths, white-tailed deer, walking catfish and jack-rabbits. (Associated Press)

Nature in the pink

Sandra Maler/London

BRITISH scientists are trying to find a natural way of keeping salmon pink, instead of having it land on the dining table as an unappetizing grey.

The problem has arisen because salmon bred in fish farms are deprived of algae which make them pink in the ocean. Unless they are fed a dye called canthaxanthin, they come out a fishy-looking grey.

With increasing consumer distaste for additives in food, six scientists have formed a biotechnology company called Cell Systems to devise a way of producing the natural pink pigment, astaxanthin.

"Our concept is to grow the algae which secrete the pink mechanism in fermentation vessels to make them available in fish ponds," company chairman Dr. Brian Kirsop said.

He said the algae would be bar-vested, dried and sold for inclusion in fish foods.

Kirsop, a microbiologist, said he formed the company in February because he and his colleagues had been searching for a commercial application of their skills.

Kirsop said the company had not yet decided whether to grow the algae itself or sell the technology to others. Either way, the algae should be on the market within a year.

Salmon food, which is produced by big chemical concerns like Unilever and British Petroleum, mainly consists of ground up fish. Canthaxanthin comes in only at a 75 per million ratio but at a high price.

Canthaxanthin was used in the United States in tanning pills to change human skin colour, but its use for this has been banned. It is produced by Hoffmann-La Roche, the Swiss pharmaceutical company, which has a monopoly on the dye for inclusion in salmon feed.

Several algae, such as haematococcus, contain the pink pigment in small quantities. The problem is how to develop a species which would produce large amounts economically.

ONCE developed, the algae would be fed with a mixture of glucose and

vitamins and then grow and reproduce in a big tank.

Cell Systems reckons the market to supply food to fish farms is worth up to \$1.42 billion a year worldwide. Interest in natural ingredients for fish food would draw particularly keen interest from Norway, China and Japan, where a lot of fish are bred.

The advantage with farmed salmon is that it is available fresh all the year whereas wild salmon has to be frozen off season.

Salmon farming is expanding. In Scotland, 7,000 tons of farmed salmon was produced last year, over 10 times as much as five years ago, compared with 1,000 tons of wild salmon.

Most farms breed the fish from eggs in hatcheries until they are about three-and-a-half years old and big enough to be sold.

Kirsop said Cell Systems was also involved in trying to find a way to freeze fish eggs without killing them.

"There is a business already in freezing embryos in cattle worth 142 million a year, and there could be a business in fish if the technology was developed," he said.

Cell Systems won a government award in October to develop such a system.

"It's a technology that doesn't yet exist. Nobody can freeze fish eggs. They die when you freeze them because they form ice crystals inside," Kirsop said.

The Smart Award, a new award given for research in biotechnology or laboratory instruments with commercial applications, will provide Cell Systems with just under \$71,000, about 75 per cent of the cost of developing the technology.

"Freezing eggs would allow fish stocks to be improved and to have stocks of fish eggs at all times of the year," Kirsop said. "It would open a new option to the industry."

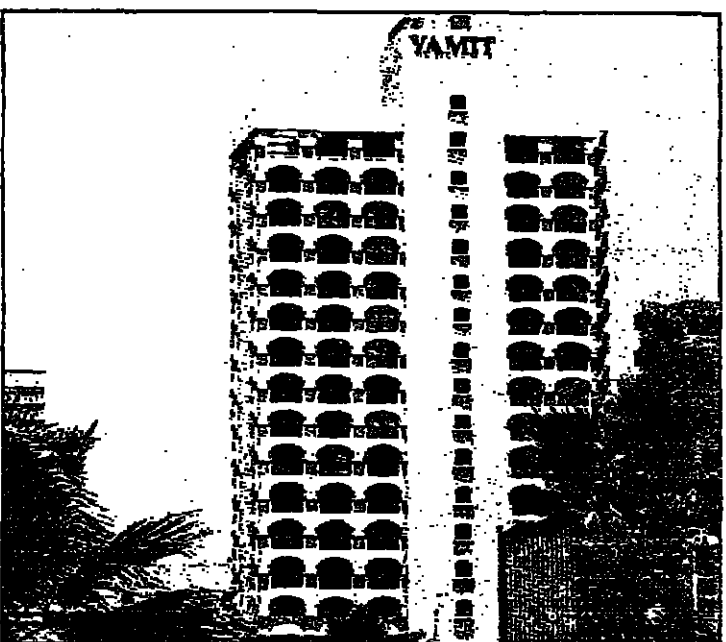
But he added that the project, particularly relevant now when scientists and conservationists are worried about the plunder of natural fish stocks, was a long-term one. (Reuters)

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BASKETBALL

Maccabi must stop Sabonis

By DON GOULD
All the marbles go on the table tonight when Maccabi Tel Aviv battles Soviet champions Zalgiris Kaunas.

Since the Soviets still refuse to play in Tel Aviv or to entertain Maccabi in the USSR, once again the schedule calls for back-to-back games tonight and tomorrow night on a neutral court in Brussels, Belgium. As a technicality, tonight's encounter is listed as the home game for Zalgiris, and tomorrow Maccabi Tel Aviv will be the home team.

Both squads arrived yesterday morning in Brussels, where the temperature outside was minus 15 C. For the Soviets, the adjustment may be minimal since the thermometer reads minus 25 in Kaunas, but Maccabi are keeping their fingers crossed that the cold won't penetrate the Simonei Sports Hall.

The two teams are staying at the same hotel, so the lack of diplomatic relations between the two countries which forces the game to a neutral site will probably not hinder the players from establishing informal speaking relationships.

The clubs took turns practising in the arena yesterday, with Maccabi taking the court first.

As always, the crowd is expected to be pro-Maccabi, even if the site is technically neutral, since hundreds of Israelis have arrived on chartered El Al flights and Belgium's Jewish community has also shown an interest in the game.

Both teams sport identical one-win, two-loss records in the European Cup competition, and both are desperate to pick up their second win and get back into the thick of the race. The Soviets are in a slightly better position, having won their only home game against Real Madrid in the first round before losing twice in a row on the road, to Zadar of Yugoslavia and then to Tracer Milano last week. Maccabi beat Zadar at home in the opening round, but then lost a crucial home game to Tracer Milano, before losing that last-minute heartbreaker in France last week to Orthez.

The backbone of Zalgiris Kaunas



BIG GUY. — Arvidas Sabonis, pictured here in action during last summer's World Cup games at Barcelona, is the man Maccabi must stop in the two games tonight and tomorrow if they are to remain in European Cup contention.

are three players who were members of the Russian national team that came within one point of beating the Americans in Madrid at last summer's World Cup final.

The key to that team and to Zalgiris is their all-European center, 2.18m. Arvidas Sabonis. The 23-year-old Sabonis was picked last June by the Portland Trail Blazers in the first round of the NBA draft, but the Russians don't seem anxious to

release him, not, at least until after the 1988 Olympics, so Maccabi and the rest of Europe still have to figure out how to stop the best center in all of Europe.

In addition to Sabonis, the other veteran USSR national team players that help make Zalgiris the champions of the Soviet Union are two fast, sharp-shooting guards, Rimas Kurtinaitis, 27, and 1.94m. and Val-

demaras Homicius, 28, 1.90. Homicius will be remembered as the guard who peppered the basket with a barrage of three-point goals that brought the Soviet team back from an 11-point deficit against Yugoslavia in last summer's World Cup semi-finals.

Maccabi Tel Aviv, although beaten in the last six seconds by Orthez last week, actually played better throughout the first three quarters of the game than they had in their previous two European Cup encounters.

After twice-daily practices, plus a 62-point drubbing of Maccabi Ramat Gan on Sunday, Maccabi had prepared to come up with two victories in the 26-hour timeframe from opening whistle tonight to the last seconds tomorrow.

When these two teams met last year under similar circumstances, they split the two games, the Soviets winning by 16 points, Maccabi by four, a result that this year would be unsatisfactory for either team.

Both games will be televised by Israel Television and carried over Israel radio starting at 9:30 a.m.

Here at home, in Monday night's 17th round of National Basketball League play, Galil Elyon moved into undisputed possession of second place by virtue of a 94-93 victory over Elitzur Netanya.

In the most unusual contest of the season, last place Hapoel Ramat Gan finished the last 90 seconds of their game against Hapoel Tel Aviv with only three players on the court.

Ramat Gan "Sunk" Jones, Keith Bennett and Menachem Zeldes all fouled out in the space of several minutes in the middle of the second half. Hapoel Tel Aviv's Dan Robinson and Ramat Gan's Uri Ben Arie then inspired as troupers flared, and both were ejected with six minutes showing on the clock. With 90 seconds left, Ramat Gan's Phil Barnett fouled out, leaving only three Ramat Gan players on the court. Hapoel Tel Aviv 113, Hapoel Ramat Gan 86.

Hapoel Haifa, led by John Daboll's 29 points, buried visiting Hapoel Jerusalem 106-72.

Galil Elyon lost 57 points from their two games to start off tomorrow Hapoel Eilat 106-102. Adi Gordon, who has been better than a firecracker of late, poured in 37 and running mate Ari Rosenberg pumped in 20.

In the night's final game, Hapoel Holon squared past Bnei Tel Aviv at Udi Stadium, 92-85. Israel Elimelech netted 24 points for the winners.

Standings after 17 rounds:

	W	L	PF	PA	Pts
1. Mac. TA	17	0	1913	1388	34
2. Gal. E	13	4	1586	1497	30
3. Holon	12	5	1562	1452	29
4. Hap. TA	11	6	1495	1471	28
5. Elitzur	11	6	1648	1554	28
6. Mac. Haifa	9	8	1540	1540	26
7. Bnei TA	8	9	1464	1537	25
8. Hap. Haifa	6	11	1485	1561	23
9. Hap. Eilat	6	11	1506	1581	22
10. Mac. RG	4	13	1490	1685	21
11. Hap. Eilat	4	13	1453	1581	21
12. Hap. RG	2	15	1490	1789	19

SOCCER

Lod wallop Kfar Sava 3-0

LOD. — Hapoel Lod maintained their winning streak in National League soccer, thrashing Hapoel Kfar Sava 3-0 yesterday before 2,500 fans here. The game was a postponed fixture from a week ago.

All three Lod goals were scored in the first half, two of them by Benny

Simadja, and the third by Vicky Peretz. Kfar Sava fought back determinedly, and at times played the more attractive football, but came up against Uri Benodis at the top of his form in the home goal.

In Jerusalem, Hapoel Jerusalem drew with Maccabi Sha'arayim 0-0.

AMERICA'S CUP

Conner whips Dickson

FREMANTLE (Reuter). — Dennis Conner used all his experience and a fast boat to end New Zealand's winning streak and to go one-up in the America's Cup Challenger final.

"It was a very rewarding win for Stars and Stripes," the San Diego skipper told a news conference. "The race was very close in the beginning — anyone could have won. We were thrilled to come out ahead."

High winds propelled Stars and Stripes to a 1.20 win — New Zealand's first loss in 29 races, the longest winning streak of a Cup challenger. Conner, who lost the America's Cup to Australia II in 1983, has spent three years and \$15m. to reach the best-of-seven Challenger final.

Stars and Stripes revelled in winds topping 27 knots, allowing Conner to run a drag race and pull far enough ahead to dictate tactics to New Zealand skipper Chris Dickson.

"It was an excellent race... We didn't get the breaks we needed and Stars and Stripes took those breaks and never gave us a chance of getting back into it," Dickson said.

"It was a good day for the oldies, but goodies," Conner told reporters when he stepped ashore as thousands of people stood on nearby docks cheering both yachts. He was realistic about the importance of winning the first race in the series, but forecast a 4-0 victory.

NBA

Malone earns his points the hard way for Bullets

NEW YORK (AP). — Moses Malone does all the dirty work, but he's not the average blue-collar worker in shorts that he pretends to be.

"I'm not the best... I just come to play and work hard," Malone said after he scored 41 points and grabbed 20 rebounds, leading the Washington Bullets to a 113-109 victory over the Sacramento Kings on Monday night.

Playing the entire second half for the first time this season, the 31-year-old Malone took charge after the Kings rallied from a 100-89 deficit to pull within 103-99.

Malone responded with a rebound basket and assisted Ennis Whatley on a driving layup to make it 107-99, then scored the final six Washington points to lock up the victory.

He sank four free throws in the final 19 seconds, making him 15-for-15 from the foul line for the second consecutive game, to blunt a Sacramento rally.

Washington went over the .500 mark for the first time this season at 18-17. Jeff Malone added 21 points for Washington and Terry Catledge had 16. Otis Thorpe scored 18. In the night's only other game, Dominique Wilkins celebrated his

27th birthday by scoring 53 points as Atlanta handed the Clippers their 16th straight defeat.

The Clippers have lost 28 of their last 29 games. A lapse by the Clippers' Michael Cage narrowed Atlanta's margin to 65-64 early in the third period. Atlanta led 101-95 when the Hawks used a three-point shot by Mike McGee and a free throw and a foul by Wilkins to pull out to a 107-95 lead.

STANDINGS AFTER MONDAY'S GAMES:

EASTERN CONFERENCE				
ATLANTIC DIVISION				
	W	L	Pct.	GB
Boston Celtics	23	10	.697	—
Philadelphia 76ers	19	16	.543	5
Washington Bullets	18	17	.514	6
New York Knicks	12	23	.343	12
New Jersey Nets	10	24	.294	13 1/2
CENTRAL DIVISION				
	W	L	Pct.	GB
Atlanta Hawks	24	9	.727	—
Detroit Pistons	21	10	.677	1 1/2
Indiana Pacers	12	14	.461	10 1/2
Chicago Bulls	18	15	.545	3 1/2
San Antonio Spurs	17	17	.500	7 1/2
Cleveland Cavaliers	14	20	.412	10 1/2
WESTERN CONFERENCE				
MIDWEST DIVISION				
	W	L	Pct.	GB
Dallas Mavericks	22	12	.647	—
Utah Jazz	22	12	.647	—
Houston Rockets	15	18	.455	6 1/2
Denver Nuggets	15	21	.417	8
Sacramento Kings	9	26	.257	13 1/2
PACIFIC DIVISION				
	W	L	Pct.	GB
Los Angeles Lakers	27	8	.771	—
Portland Trail Blazers	23	14	.622	4
Golden State Warriors	20	16	.559	7 1/2
Seattle SuperSonics	18	15	.545	8
Phoenix Suns	14	21	.400	13
Los Angeles Clippers	4	31	.114	23

TENNIS

Cash inspires other Aussies

Post Sports Staff and Agencies

MELBOURNE. — Israel's Gilad Bloom went down yesterday in the Australian Open to qualifier John Letts 4-6, 7-5, 6-4, 6-4, but it may have been some consolation to him that Letts was fined \$500 for an audible obscenity.

Amos Mansdorf has not yet played his first singles match, but he and his Dutch partner, Huub van Boeckel, gained an easy 6-4, 6-4 victory over Shane Barr and Jason Stoltenberg. Today Mansdorf plays Matt Anger, whose opponent, Marcel Freeman retired with a groin injury when Anger led 6-4, 1-0.

American John Sadri also sustained a \$500 fine, this one for spitting at a linesman during a tense match with Wally Masur, who won 6-3, 6-7, 6-4, 6-0. Sadri was runner-up to Guillermo Vilas in the 1979 Australian Open final.

Masur, ranked 71st in the world, continued the devastating form he has displayed since last month's Davis Cup final. He won the South Australian Open in Adelaide last week.

He said that Pat Cash's stunning comeback to beat French Open runner-up Michael Pernfors to give Australia an unbeatable 3-1 Davis Cup Lead had inspired him.

"I just sat there for three days and watched great tennis," Masur said. "I thought that's what it's all about. I saw how strong mentally Pat was and I went to Adelaide telling myself to be positive, to keep my head down and to look like a competitor."

Another Australian, Mark Kratzmann, 20, beat Jay Lapidus 7-6 (7-2), 4-6, 7-6 (7-5), 6-4.

Three years ago Kratzmann was the world's top junior and mastered his West German contemporary Boris Becker.

Three weeks ago, Kratzmann, still struggling on the senior circuit, was just a chopping-block for Cash and company before their Cup final win over Sweden.

Kratzmann said Cash had given him new inspiration for the Open.

"Pat fought every point to the death — that's the way I'm going to do



DOWN UNDER. — Israel's Gilad Bloom hoped to do better, but yesterday he lost his first-round match at the Australian Open in Kooyong to American John Letts (Dan Landau)

it now," said Kratzmann, whose hands became bloodied and blistered by wind and sunburn during marathon practice sessions with the Cup players.

In 1984, Kratzmann was hailed as a possible successor to fellow-Queensland left-hander Rod Laver, the only modern player to complete two Grand Slams.

Kratzmann beat Becker twice on his way to three Junior Grand Slam singles titles, winning the U.S. and Australian titles and finishing runner-up in France.

OTHER RESULTS

France, Romania, U.S., def. Nduka Odizeri, Nigeria, 5-6, 6-3, 6-3; Russell Simpson, NZ, def. Gary Donnelly, U.S., 7-6, 6-3, 7-6; Bud Schultz, U.S., def. Steve Gray, NZ, 7-5, 6-2, 3-6, 7-6; Michael Schapers, Netherlands, def. Jon Levine, U.S., 6-4, 6-4, 6-4; Mark Woodford, Australia, def. Michael Baroch, Australia, 6-3, 6-4, 6-4; Dan Goldie, U.S., def. Mike Depinauer, U.S., 1-6, 6-4, 6-1, 6-2; Paul Anagnostis, U.S., def. Tony Almoh, Nigeria, 7-6, 7-6, 6-4; Andreas Maurer, W.G., def. Simon Yoni, Australia, 6-4, 6-3, 7-6; Brad Drewett, Australia, def. Paul McNamee, Australia, 6-4, 3-6, 6-4, 6-3; Jamie Visser, S.A., def. Lail Shires, U.S., 6-3, 6-2, 6-3, 7-6; Gary Muller, S.A., def. Steve Thompson, U.S., 6-7, 6-3, 6-4, 6-4; Bill Scanlon, U.S., def. Anthony Lane, Australia, 6-7, 3-6, 6-3, 6-2, 6-2.

CRICKET

Botham's bats come home, Viv to play Lancashire League

SYDNEY (Reuter). — Thieves have returned cricket star Ian Botham's favourite bats, which were stolen in a weekend raid on the England dressing room here, sports officials said yesterday.

The bats, which included the extra-large Botham "Boomer" with which the England all-rounder has scored more than 1,500 Test runs, were left outside the Sydney cricket ground in a package marked "Urgent."

But two bats belonging to Jack Richards and Bruce French, which were also stolen, were not in the package.

"I had put it down to some over-enthusiastic souvenir-hunters, and I'm glad the thieves at least had the conscience to return some of the gear," said ground manager Noel Neate.

He added: "I have sent Botham's bats to Peter Lush, the England

manager, for positive identification, but they appear to be the genuine articles."

Botham, enjoying the rest day during the fifth Test, was not available for comment on the return of his bats. But he is sure to relish the prospect of using his "Boomer" in England's second innings of the fifth Test.

In London, it was announced that West Indies Test captain Viv Richards will play Lancashire league cricket during the 1987 English season for village club Rishton.

Richards, who is currently on tour in Australia, confirmed through his agent that he had signed and returned the contract. It is believed Rishton will pay Richards about \$22,000 for four months work.

Rishton chairman Wilf Woodhouse said yesterday: "This is tremendous news and a big boost for our club and for the league as a whole."

The Antiguan had to make alternative playing arrangements for the forthcoming season when Somerset decided last August not to renew his contract after 13 seasons with the county.

His Test team-mate Joel Garner was also released, prompting Ian Botham to resign from Somerset in protest at the decision not to retain the West Indian pair.

In New Delhi, India crashed Sri Lanka by six wickets in the third one-day international yesterday to take a 2-1 lead in the five-match series.

Sri Lanka, put in to bat, made 206 for six thanks to Ian Smith's overhauled easily thanks to Ian Smith (57 n.o.) and Dillip Venkataratnam (50).

In Townsville, West Indies used the final day of the three-day cricket match against Queensland for batting practice ahead of the one-day World Series Cup.

West Indies, returning at 13 for no wicket, finished on 34n for four after play was halted 45 minutes before stumps by agreement between the captains.

Loose was at his most ebullient during his innings of 164 not out, scored in 326 minutes. He hit 17 boundaries from 236 balls.

ATHLETICS

Mass jamboree of veteran runners to convene here

By JACK LEON

TEL AVIV. — One thousand athletes from some 30 countries are expected here for the World Association of Veteran Long Distance Runners 20th annual international championships, taking place in the Netanya area this spring. The three-day meet in mid-March, open to women over-35 and men over-40, will be the first world athletic championships ever to be held in Israel. An entry of several hundred local runners is anticipated.

The event — organized by the Israeli Association of Veteran Athletes — will comprise an 8 km. cross country race and road races over 10 and 25 km. LAVT president and championship executive director Barry Shaw said yesterday.

Joining the association in putting on the meet are the Netanya Municipality and the Emek Hefer Regional Council.

Among a clutch of celebrated athletes who have entered the championships are Britain's Ron Hill, Martin Duff and Malcolm Martin, Americans Barry Brown and Nor-

man Green and Kjell Erik Stahl, of Sweden. Stahl, just 40, won last year's Stockholm Marathon from 12,000 starters in a time of 2 hours, 12 minutes, 30 seconds.

The legendary Czech long-distance runner Emil Zatopek enthusiastically accepted Shaw's invitation to be a guest-of-honour at the gathering. The two met in Greece a few months ago. But the Helsinki Olympics triple gold medalist later wrote that his country's Government Sports Committee had twice declined to issue him a visa for the trip to Israel.

Participants will be divided into age groups, each covering periods of five years, Shaw reported. Oldest competitors will be 87-year-olds Israeli Aliza Kautz in the 10-km. road race and American Paul Spangler, who acknowledges plans to be one of many runners taking part in all three races.

Chief sponsors of the meet are Tan-Sharoun, Eldor Computers, El Al and Netanya's Golden Hotel, which will serve as race headquarters.

Registration fee is NIS 25 for one event, NIS 40 for two and NIS 50 for three. Entry forms and information are available at championship headquarters, 6 Shmuel Hanatziv Street, Netanya 42281 (tel. 052-31343).

Magnes run winners

Shlomo Azulai of Hapoel Emek Hefer won yesterday's 36th Hebrew University-Magnes race, run from the university's Givat Ram campus.

Azulai finished the five-kilometre course in 15 minutes and 15 seconds, 40 seconds ahead of second place finisher Yehzekiel Halifa of Maccabi Tel Aviv.

Yoram Spirer of the Hebrew University won the five-kilometre students' race with a time of 16.50,

while Zion Hezroni placed first in the men's over-40 2.5-kilometre course.

Hadas Lamdani of Hapoel Emek Hefer won the women's 2.5-kilometre race in 8.43. Anat Yadi of Hapoel Ashkelon finished first in the girls' under-18 race.

More than 500 runners participated in the various events, which included a non-competitive 2.5-kilometre run.

SPORTSLETTERS

No luck in Cup draw

To the Sports Editor

Sir, — Could you please enlighten me about the "Davis Cup" competitions: Israel advanced to the finals of the "Group B" competition three years in a row. All three times our team had to play against opponents who had home ground advantage. And the first match of the "Group A" finals will take place abroad as well.

Another example: Sweden had to defend the Cup last year against Germany and this year against Australia — both times abroad. And if I am not mistaken they won the Cup two years ago, again abroad.

Without crying "Foul!" I would like to know, in which way home ground advantage is given in these matches?

JOSEF H. KAHLBERG
Kibbutz Naot Mordechai.

Jack Leon explains:

The London-based International Tennis Federation makes the draw for the Davis Cup competition, doing so on a strictly "first-out-of-the-hat" basis.

Israel has certainly been unlucky in the draw, now having to meet Czechoslovakia away in its World Cup "A" debut, after three times in a row playing zonal finals against opponents with home ground advantage. However, in the other direction, the Israelis three years ago had consecutive home ties against Poland and Switzerland in zonal competition.

There have certainly been raised eyebrows over the preponderance of home ties which the draw has given Britain in recent years.

Bouquets

To the Sports Editor

Sir, — This letter is to thank you for the excellent reports you have provided about sports, particularly tennis.

Now that the date of the Davis Cup tie in Czechoslovakia is getting closer, I am looking forward to a similar coverage as that which we had from Phillip Gillon from St. Gallen.

BAT-SHEVA MANDEL
Jerusalem.

To the Sports Editor

Sir, — Congratulations on your expansion of sports news. This will help new immigrants to reduce their homesickness as well as to adjust to living in Israel.

Now, how about expanding the news about the stock market to what it was before the crash? The market may be quiet now, but I think it will come alive again, with considerable publicity on your part.

REUBEN BEN AVRAHAM
Jerusalem.

To the Sports Editor

Sir, — I heard recently on Mabat Sport some optimistic remarks about Israel's participation in the Olympic Games in Seoul in 1988.

As far as I know, most of our sportsmen and sportswomen are far below international standards. Our motto should be, "Let's sit this one out!" I know how much Israelis love to travel at public expense, but I think this time we should save our money.

PETER ROSENTHAL
Jerusalem.

Brickbat

To the Sports Editor

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PETER ROSENTHAL
Jerusalem.

A woman's place....

WELLINGTON (Reuter). — New Zealand all-rounder Richard Hadlee has criticized the appointment of women umpires in men's First Class cricket.

Hadlee was commenting on last week's Shell Trophy match between his team Canterbury and Wellington in which Pat Carrick

Dollar hits 7-year low

LONDON (Reuters). — The dollar took another nosedive yesterday and was fixed at a seven-year low on the world's foreign exchanges despite huge purchases by the Japanese Central Bank to try to prop it up.

Far East selling of the dollar carried on when European dealers got to their desks and they took the dollar down to early afternoon lows of 1.87 marks and 135.25 yen.

Later it edged up a little to 1.8740 marks and 135.60 yen. But it had closed in New York on Monday night at 1.8960 marks and 137.55 yen.

Fearful of the impact on Japan's exports of an appreciating yen, the Bank of Japan dug into its coffers. Dealers estimated it bought \$2.5 billion, a record single day's purchase.

But the dollar slide carried on.

The market decided that a sluggish U.S. economy and yawning trade deficit required that it should weaken. Speculative investment money went into the yen and West Germany's mark.

The dollar is now worth less than at any time since late 1980. In the last four weeks it has shed some 15 pfennigs and dealers say it may go down to 1.75 marks in a month or so.

Its all-time low was 1.7062, in January 1980 in the darkest moments of the Carter Administration's Iran hostages crisis.

The dollar's present decline is the most evident symptom of what economists say are hazardous imbalances in the global economy.

Many say the dollar must continue to depreciate, to help narrow the huge trade deficit which the U.S. has

run up with Japan, West Germany and newly-industrialized nations like Taiwan and South Korea.

The deficit, estimated at around \$170b. in 1986, has led to pressure in the U.S. for protectionist measures, which other nations fear would choke world trade and jeopardize a fragile economic expansion on which higher living standards and new jobs depend.

A weaker dollar ought to make U.S. exports more competitive and, by raising the price of foreign goods to U.S. consumers, staunch the flow of imports into the U.S.

But the U.S. Commerce Department said recently that even a drop in the dollar's value to 1980 levels "may not produce the relative balance in U.S. manufacture goods that existed in the early 1980s."

Garage strike looms

By JONATHAN KARP
For The Jerusalem Post
TEL AVIV. — Garage owners may strike next week unless the Transport Ministry approves a 30 per cent increase in their labour rates. Zvi Pik, secretary general of the Israel Garage Association (IGA), said on Monday.

Pik said that most of the nation's garages were operating at a loss.

Garage labour rates have been frozen since July 1985 while wages have risen by 16.6 per cent during the same period, IGA chairman Arye Maos told reporters.

Pik said he had requested the 30 per cent raise in a meeting with Transport Minister Haim Corfu on Sunday. Pik announced that directors of the IGA would meet on January 18 to decide whether to strike until a rate increase was approved.

Pik was speaking at a press conference here held to announce the end of a campaign to winterize vehicles and the opening of a campaign for safety and maintenance due to begin on January 18.

Pik said that the 200 odd garages taking part in the month-long campaign will inspect tires for free and sell domestic tires at wholesale prices. Imported tires would also be cheaper, he said.

During the winterization campaign from November 2 to December 31, 1986, 125,500 vehicles were inspected in 1,639 garages across the country, Pik said. He noted that 35 per cent of the vehicles required safety-related repairs.

In the last two months of 1986, police inspected 2,720 vehicles in spot checks and found that 771, or 28 per cent, were not roadworthy. Deputy Commander Shraga Ben-Hari, head of the transport section of the Police accident department said that these vehicles would have to be reinspected this year.

Ben-Hari said that faulty tires were the major problem, causing 26 per cent of the inspection failures. Other problems involved steering mechanisms (23 per cent), breaks (18 per cent), and lights (18 per cent).

Tackling the heavies

LONDON (AP). — Complaints about the bulky British coins that wear out trouser pockets and weigh down purses have led to speculation about changes in the currency system.

The royal mint reportedly is considering recommendations from Nottingham University researchers that it scrap most of its coins in favour of smaller and lighter models.

But the mint, which has \$18.36 billion worth of coins in circulation, is trying to dampen hopes.

"You can't please all the people all the time. You can have quite an opposite point of view on the same coin," said a spokesman for the mint. He called reports about impending changes "pure speculation."

A Treasury spokesman confirmed that the recommendations were under consideration.

The London Times recently carried a front-page report that sweeping changes could be coming in the shapes, sizes and weights of most of Britain's coins.

It said researchers have convinced Treasury officials that the coins are far too heavy and that some of the lower-value bronze coins soon will cost more to mint than their face values.

40% jump in rough diamond sales by De Beers company

LONDON (Reuters). — Sales of rough diamonds by De Beers Central Selling Organization (CSO) rose 40 per cent in 1986, according to company figures which indicate the industry is recovering from its worst recession since the 1930s.

The total was put at \$2.56 billion last year, up 40 per cent on 1985 sales of \$1.82b. The London-based CSO, marketing arm of the South African De Beers Consolidated Mines Ltd., said.

"We have been selling the full range of rough diamonds and have seen improved demand for top quality stones," said Andrew Lamont, a spokesman for the CSO, which markets 80 per cent of the world's rough diamonds on behalf of De Beers and other producers.

Diamonds never went out of fashion. It was not a drop in demand which destabilized the market and sent it into recession at the beginning of this decade, but sudden intervention by speculators followed by an equally rapid sell-out.

In the late 1970s, as low interest rates and high inflation stimulated demand and pushed diamond prices up, the speculators moved in.

By 1981 though, interest rates

were rising, inflation was falling, the dollar-led record highs and speculators sold their stocks. In an attempt to stem the subsequent price drop, the CSO withheld vast stocks.

Since the second half of 1985, the stockpile has been falling, aided by increased demand caused in part by the dollar's fall against other currencies which made diamonds, priced in the U.S. currency more affordable, CSO spokesman Lamont said.

Christmas is high-season as far as diamond sales are concerned. According to CSO figures, in the U.S. 40 per cent of diamonds are sold in the holiday period.

Unstable political conditions in South Africa and threat of Western economic sanctions have done little to dent the diamond industry's new confidence.

According to company figures, South Africa now accounts for only some 15 per cent of diamond production, ranking behind Australia, Zaire, Botswana and the Soviet Union.

The cutting and polishing centres are in Israel, Belgium and India, while the CSO maintains its offices in London.

BANKING ON IT/Pinhas Landau

Please meet EFT/POS

For the next few weeks, this column is going to explore the world of EFT/POS. In particular, we are going to look at POS, to see how it is helpful to consumers, retailers, credit card companies and banks. It transpires that POS is alive and well and cropping up more and more all over the country, to the extent that Israel is in the vanguard of Western countries in the introduction and use of POS systems.

Great, huh? But what is EFT/POS? The acronym stands for Electronic Funds Transfer at Point of Sale, but the two things can be separated. Electronic Funds Transfer means that moving money from one person's account to another is done electronically, instead of by

cheques can be written in hieroglyphics on cuneiform blocks, or in numbers on bits of paper. But that's all *passé* now.

more old-fashioned methods. If A makes out a cheque to B, for example, A's account has to be debited and B's has to be credited. This can be done in hieroglyphics on cuneiform blocks, or in numbers on bits of paper. But that's all *passé* now. EFT simply means that the debit and credit are recorded on magnetic tapes, or directly communicated from one chip to another in a form legible and comprehensible to computer chips. Fortunately for mere human beings, the computers are also prepared, if asked nicely, to translate that into numerals on paper, so that A and B can know what's going on.

The advantage of EFT is that once you've bought the machines, they do all the work more quickly, more accurately, and at any time of the day or night. Since the inexorable trend of labour and capital markets for the last two generations has been that electronic equipment has got steadily cheaper, and personnel have become steadily more expensive, it becomes extremely worthwhile in the longer run to have funds transferred electronically instead of manually. Of course, EFT represents only the latest phase in an ongoing process: We haven't jumped straight from the 19th century to the 21st; it all happened gradually. But full EFT means that the transaction is executed between computers.

Taking the example of the cheque, one can detail a series of gradual improvements in the processing of the financial transaction that it represents. These include magnetic coding, and reading by machines — first of the number of the cheque, the bank and drawer's account, later of the amount and later still of the bank and account number of the payee, so that today all that can be done directly by the computers involved. Thus, in most banks, if B deposits a cheque drawn on A's account into his own, and both are in the same bank, the teller who punches into his computer terminal the information is, at the same time, debiting A's account and crediting B's, and if both ask for balances immediately after, they will find their respective accounts updated with that transaction.

It follows, therefore, that in such a system, there is no need to send cheques from all branches to head offices and have them processed there. This is indeed the case, and the banks are working on an agreement to provide for "cheque truncation," whereby all cheques will remain in the branch at which they were deposited, and the information they represent will be forwarded electronically to the relevant branches of that and the other banks, via the central computers of each bank. This development, however, is sufficiently important to be treated

separately. Suffice it to say in passing that it is a *spia*-off of EFT.

Now for POS. In principle, a bank teller's counter is also a Point of Sale, and the service purchased there is fundamentally the same, from the computer's viewpoint at least, as any other good or service purchased anywhere else. But usually, the concept of Point of Sale is applied to sales outlets in retail businesses of any sort, such as petrol stations and supermarkets.

A Point of Sale is simply the place where things are bought and paid for. Again, historically, points of sale are operated with cowrie shells, animal hides and later, gold and silver, then formal coinage, and so on to cheques and credit cards. For our purposes, however, we will distinguish between cash and non-cash methods of purchase.

If you pay cash, there is no need to debit any account or ledger, whether physical or electronic. You hand over the money, the vendor takes it, and that's that. He doesn't have to check if the payment is good (although they did bite gold coins to see if they weren't phoney), he doesn't care if you are a wanted bank-robber, handbag-snatcher or anything else. His security problem is limited to the need to safeguard his "till" against thieves until he puts his takings in a safe place.

Non-cash payments present quite different problems. Cheques bounce, sometimes with frightening frequency. Credit-cards can be forged or stolen. Once the sale has been made, the cheque or sales slip will not be stolen.

Enter quicker, more accurate and ever-cheaper electronics.

But it has to be processed by the bank or credit-card company that stands behind it, as well as by the shop itself. The processing involves personnel who cost money and work slowly, often making mistakes in the slow, boring business of number-punching.

Enter electronics which, as noted above, is quicker, more accurate and ever-cheaper. That is obviously the way to do it. But, again as noted, the chips have to be allowed to talk to each other. Clever as they may be, but telepathic they're not. To create lines of communication between a filling-station on the outskirts of Haifa or a hotel in Eilat and the central computers operating in Ramat Gan and Tel Aviv, what is needed is a decent telephone system.

And here, gentle reader, comes your first major shock in this epic saga. The Israeli telephone system has proven itself capable of doing everything necessary to allow points of sale in retail outlets all over the country to become Points of Sale, in which one computer terminal talks by telephone to other computers. If they only talk about what was bought, giving an itemized print-out while simultaneously updating the store's inventory and providing management with data on sales and other matters that help efficiency, they are indulging in pure POS.

If, on the other hand, they are also used to transfer money from one account to another, such as from the customer's credit-card account to the credit-card company and from there to the retailer's account — and there is no technical reason why they shouldn't do that — then we have Electronic Funds Transfer at Point of Sale, or EFT/POS. From now on, don't say you don't know what it is. In the next column, we will examine what it does for each of the parties involved.

British Airways to go public next month

LONDON (AP). — British Airways has announced that it will offer 720.2 million shares to investors at an undisclosed price when it goes public in February.

The state-owned airline is expected to raise \$1.47 billion through its "privatization," which would give each share a price of about \$2.06.

The company, which announced in September that it would go public, provided details of the issue in a preliminary prospectus distributed last week. On January 27, it will disclose the price of the stock.

Norway to reduce oil production by 7.5%

NORWAY SAID yesterday it would reduce its North Sea oil production by 7.5 per cent, about 80,000 barrels a day, as part of Opec-led efforts to tighten the market and introduce higher prices.

Israeli competition hurts Spanish citrus exports

MADRID (Reuters). — Spain's citrus fruit industry this year has been battered by competition from Israel and other non-European Community producers, low export demand and overproduction.

According to Leopold Ortiz, director of the export committee, "We were given unfair terms of entry into the European Community where we export 85 per cent of our fruit. And this is causing serious problems for producers," he said last week.

Spanish citrus fruit is charged 9.6 per cent duty in the EC, compared with 8 per cent for Israel and 4 per cent each for Morocco and Cyprus, all major competitors. This levy will be phased out by 1995.

Community member countries Italy and Greece, also major citrus exporters, pay nothing.

"To make things worse, this year we have been hit by excess production, lower demand in export markets and the French rail strike," Ortiz said.

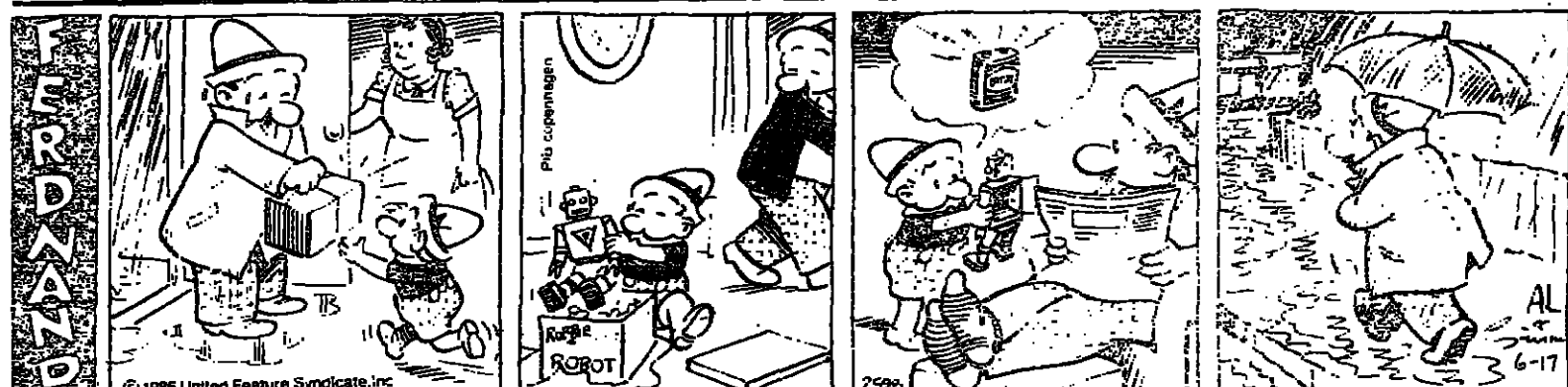
The French strike alone has reduced Spanish citrus export potential by about 25 per cent, he said.

As a result of these obstacles, prices paid to citrus farmers this year are down by up to 50 per cent.

Citrus exports were slightly over one million tonnes in the current marketing year which began last October 1. This was about the same as last year's level.

"We are constantly lobbying for a review of the treaty of accession but our complaints have so far fallen on deaf ears," Ortiz said.

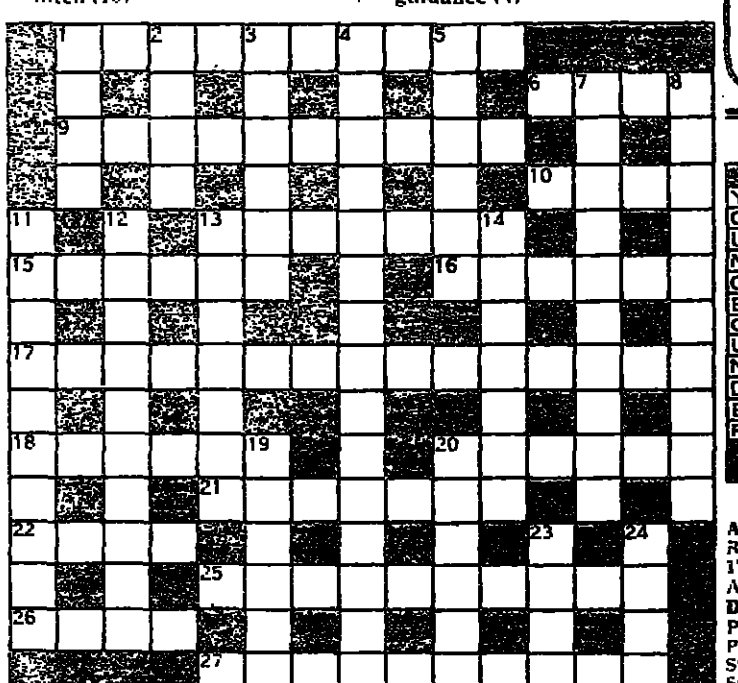
He said the situation would become even worse with Israel and Cyprus set to begin hitting the EC market this week with a combined 850,000 tonne export capacity.



CROSSWORD

- ACROSS**
- The making of one sort of all-rounder (10)
 - It's cold at the Pole but not unpleasant (4)
 - Key man in the Thames Water Authority (4-6)
 - Sums up Father's familiar perplexity (4)
 - Reveals just how many (7)
 - Bavaria around Wearside at the outset (6)
 - Tenant the French understand (6)
 - They really have a smashing time at work (10,5)
 - Evidently not surplus to requirements (6)
 - Forces deployed for decorative work (6)
 - Bring back former Portuguese coins by petition (7)
 - Weapon a knight returned to a sovereign (4)
 - Pressure period for twelve good persons and true (6,4)
 - Likes spade work (4)
 - Knotty problem for learners, not accomplished without a hitch (10)

- DOWN**
- Original gunman long in bed (4)
 - Stone jar (4)
 - Essential maintenance of a stronghold (6)
 - Say 99 (6,5,4)
 - A contemporary sort of alcove... (6)
 - ...altered view (2,8)
 - Where Dido's feted, maybe (10)
 - No way out for an unfeeling youngster... (4-3,3)
 - ...a little rascal going wrong, we hear, in a hurry (10)
 - Nose for a skunk? (7)
 - Time off work (7)
 - Inadequacy of a number on the planet (6)
 - Saprophyte providing a diversion to us around Grangemouth (6)
 - A little drink up in Northern Italy (4)
 - Take a quick look at 3 for guidance (4)



SCRIBBLE PAD

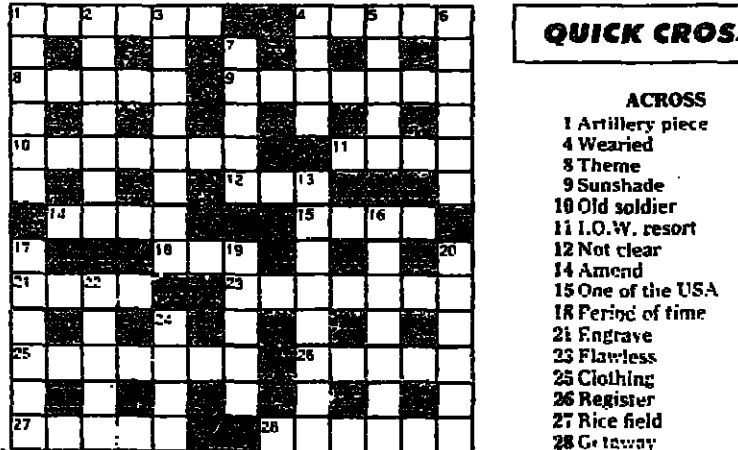


Yesterday's Solution

ACROSS: 7 Missed, 8 Defied, 10 Roister, 11 Tring, 12 Spit, 13 Anvil, 17 Cast, 18 Cant, 22 Tran, 28 Ampulla, 24 Detail, 25 Stone.

DOWN: 1 Empress, 2 Aspin, 3 Petty, 4 Certain, 5 Civil, 6 Adage, 9 Principal, 14 Captain, 15 Gallon, 16 Strange, 19 Study, 20 Paste, 21 Spite.

QUICK CROSSWORD



- ACROSS**
- Artillery piece
 - Wearied
 - Theme
 - Sunshade
 - Old soldier
 - I.L.O.W. resort
 - Not clear
 - Amend
 - One of the USA
 - Period of time
 - Engrave
 - Flawless
 - Clothing
 - Register
 - Rice field
 - Grit away
- DOWN**
- Purpose
 - Alleged
 - Exact
 - Poet
 - Hazardous
 - Melodious
 - Pay out
 - Hormones (fanc.)
 - Lanzour
 - Leave secretly
 - Fruit
 - Go hungry
 - Roman love-and
 - Salver

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Jerusalem Institute for Drug Problems, Tel. 62362, 62892, 14 Bethlehem Rd.
The National Poison Control Centre at Rambam Hospital, phone (04) 229205, for emergency calls, 24 hours a day, for information in case of poisoning.
Kupat Holim Information Centre Tel. 03-423200, 433500 Sunday-Thursday, 8 a.m. to 6 p.m. Friday 8 a.m. to 3 p.m.

THE JERUSALEM POST HANUKKA TOY FUND

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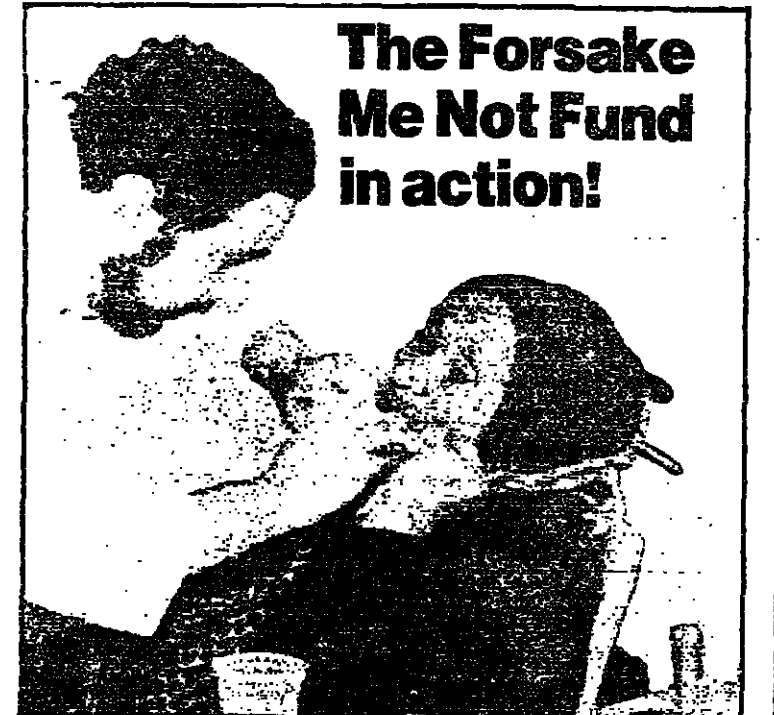
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MARKET PLACE

What Next?

Whaddya do, whaddya do, whaddya do... the question on every investor's lips as another devaluation re-enters into history and the market race to catch up.

This one at least was well advertised in advance, although by the same token, the previous one of 19 percent in July 1985 was even more loudly trumpeted. Those who wanted to, had the opportunity to "protect themselves," but most of the buying in the days before the blow fell came from corporations rushing to cover foreign currency obligations, rather than from private investors seeking a quick killing.

The reason for this is not so hard to light upon. Everyone knew that the devaluation would be in the 5-10 percent range. Until it came, the betting was that it would be lower than ten percent, but even at that level, it only represented six months interest in any shekel deposit in the bank, only six months inflation at 1986's rate, only a fraction of the dramatic currency movements in Europe and Japan over the last two years.

By Israeli and even by world standards, therefore, ten percent is no big deal. To that extent, the official spokesmen who hastened to call it a "correction" in their pronouncements yesterday were quite right. The only interesting feature of the devaluation is thus what it will lead to.

Let's take the negative scenario first. If the inflationary surge that must inevitably follow the currency movement is not held in check by the other measures — such as a partial payment of the next cost of living index, wage and budget restraint and moves to lower the cost of employment — then the jump to a monthly level of 3-5 percent inflation will become permanent.

In that event, index-linked investments will become vital, because the government will be loath to devalue again until it is pushed into it. Dollar-linked investments will therefore lag behind inflation-linked ones, and demand will push yields down on longer-term linked bonds.

Shares will benefit from the initial monetary dislocation of higher inflation, but in the longer term many corporations will be hurt by the higher short-term interest rates that will inevitably evolve.

The pattern of high and rising inflation is still well remembered, and the public will have no difficulty adjusting back to it, should it occur.

Looking on the brighter side, if the new economic policy works, there will be far-reaching implications for the capital and money markets. This depends crucially on inflation being throttled back after April to very low levels of 10-15 percent per annum. Interest rates on both long and short-term funds will then fall while institutional money will be freed from enforced investment in government bonds to enter the private-sector bond market, to buy shares, and to be loaned on the money markets.

Bond yields of all kinds will fall, perhaps very sharply. Regular dollar-linked bonds will benefit least, since the dollar will be even more undervalued than it was until a couple of weeks ago. But bank shares covered by the "arrangement" will prosper, as their current high yields tumble to single-digit levels.

Shares will boom in this environment, especially those of exporting companies with high added-value. These will benefit most from the devaluation, while lower interest rates and reduced wage costs will help almost every sector. Lower corporate taxes will be especially helpful to companies that did not previously qualify for special rates. On the other hand, companies that had large access to directed credit and heavy tax breaks will lose those advantages and might be hurt to that extent. Thus the share boom will be differentiated, and careful selection of winners will be necessary to achieve optimum results.

Unlinked shekel deposits will be a useful thing to have in a disinflationary environment. But it remains to be seen whether these will be on offer at their current high rates of over twenty percent per annum.

Another boon to both bank saving and the stock exchange has been the non-enactment of any kind of turnover tax, capital gains tax, income tax on interest, or any other nasties of this sort. However socially and economically desirable these might be, their absence will be gratefully acted upon in the markets.

But at least for the coming days, people will be trying to assess the impact of the new measures on the macro and micro levels, and planning their moves accordingly. Those who guess right at this stage will do best, but the risks of jumping entirely in one direction are self-evident. Too many options are open in the economy for the prudent investor to leave himself unprotected against unexpected developments.

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But at least for the coming days, people will be trying to assess the impact of the new measures on the macro and micro levels, and planning their moves accordingly. Those who guess right at this stage will do best, but the risks of jumping entirely in one direction are self-evident. Too many options are open in the economy for the prudent investor to leave himself unprotected against unexpected developments.

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Education cuts bring teachers out

By BERNARD JOSEPHS and LEA LEVAVI
Jerusalem Post Reporters

The school system was in an uproar last night with thousands of teachers planning to strike and parents threatening actions against the government's proposal to slash NIS 30m. from education spending.

The Histadrut Teachers Union decided at a meeting to stage a protest strike today that will close junior schools — except for the first two grades — and cause serious disruptions in high schools. Kindergartens and special education facilities will not be affected since the union, whose members struck for one hour yesterday.

Education Minister Yitzhak Navon joined cries of outrage by teachers and others over the planned axing of the education budget.

The slashes were "heavy" and "damaging," he said. And he went on: "I hope that the level of education spending will be readjusted by the Knesset when it comes to vote on the state budget."

Navon said that because of the country's economic problems he had agreed two months ago to cut spending by about NIS 30m. and to impose school fees on parents.

But he said: "This extra cut that the government wants is intolerable and the education system will not be able to bear up to it."

Navon said he was duty-bound to explain to the Knesset and to the public the seriousness of the situation.

He said he could no longer justify the imposition of school fees which, he noted, had been agreed upon with the Treasury on the understanding that the education budget would remain untouched.

The minister said he had done his best to fight the cuts during yesterday's marathon cabinet meeting. But he added: "I was talking about long-term effects while they [the other ministers] were considering day-to-day needs."

However, he insisted, he had no choice but to go along with the cuts if they were approved by the Knesset because "government decisions are binding."

The Histadrut Teachers Union has instructed its secretary-general, Yitzhak Welbar, to vote against the economic programme in the Histadrut Central Committee, and also sent telegrams of protest to the Knesset Education Committee, the Knesset Finance Committee, the premier and the president.

As the union decided to strike, a spokeswoman said the cut would not only mean that tenured teachers will lose their jobs, but that it could also mean that some classes will be dismissed as early as 11 a.m. next year.

A press conference in Jerusalem yesterday Shoshana Bayer, general secretary of the High School Teachers Association, called for a concerted public campaign by teachers unions and parents against the cuts.

She said that the budget slashes,

which together with those agreed upon two months ago will reach well over NIS 50m., were unprecedented. She added that since 1984 the education budget had been axed by 35 per cent.

Bayer said her members would demonstrate outside the Knesset and outside the Prime Minister's Office next week every day of the House debate on the budget. She said she hoped that together with other groups she could amass 1,000 demonstrators on Monday at the Knesset.

"It is the mainstream schools that are not the protected turf of politicians that will be hurt most," she said.

"Last year, despite the overcrowding, not a single classroom was added to our schools. Now with this cut what will happen? Where will our children learn? In bomb-shelters? In cellars? We already have the worst overcrowding in the western world."

The situation called for more than a trade-union style campaign, asserted Bayer. Sporadic action was not enough. "Everyone in the country must be involved. We must have great numbers of people ready to demonstrate and take part in a public struggle against the cuts."

Itzhak Efron, chairman of the National Parents Committee said he and his members were ready to take strong action. "Education must be at the top of our national priorities, along with defence. We have

to show that we will not take this disaster lying down."

Efron said the committee had already sent telegrams of protest to national leaders and it was planning to take part in demonstrations. If the cuts were pushed through, he added, he would recommend that parents keep their children at home for two hours during the morning as a protest.

Navon took his fight for a bigger slice of the budget to the Labour Party's Knesset faction meeting this week, launching an all-out attack on Vice Premier Shimon Peres for his "enthusiasm for chopping more and more from the education budget."

Navon, just an hour before Monday's late night cabinet meeting on the budget, appeared before the faction to explain the gravity of further cuts in his ministry's budget.

Navon told his party colleagues that he had appealed to Peres time and again, to no avail.

Labour must hold a party probe of what it perceived as national goals, Navon urged.

The country was spending only 7.5 per cent of its Gross National Product on education, the lowest percentage in 15 years. If that continued, he warned, Israeli society would descend into mediocrity.

Judging by the reported reaction to Navon's words, the government will not have an easy time pushing through the education cuts and party whip and coalition chairman Rafi Edri himself promised as much.

Car prices to rise by 10 per cent

By JONATHAN KARP
For The Jerusalem Post

Car prices are to go up by about 10 per cent as a result of yesterday's devaluation, a Transport Ministry official said yesterday.

"Prices will be raised across-the-board by at least as much as the devaluation," said Uri Rond, planning and economics director at the Transport Ministry. Final details, to be worked out with the Finance Ministry, may be announced today.

Meanwhile car buying ground to a halt yesterday as uncertainty about

the devaluation's effect on prices kept potential buyers away from the showrooms. Dealers were left without accurate price lists and some, such as Meyers Volvo in Jerusalem, closed shop pending the government's price changes.

Car sales in the first two weeks of this year were strong following the price reductions on cars imported from the European Economic Community and the U.S. But yesterday, the few cars that were sold came from dealers' existing stock.

Dealers yesterday expressed con-

cern that the government may not compensate them fully for the devaluation. Because they purchase the cars in foreign currency, they fear that if they are not permitted to charge more, they would have to absorb the extra cost, thus sharply cutting their profit.

Arye Carasso, the Renault importer and head of the Automobile Importers Association, complained about the timing of the devaluation. "Car prices haven't even stabilized since the recent reduction in import duties and now the government com-

es up with this devaluation," he said. Carasso added that the best compensation for car dealers would be the lifting of price controls from cars.

According to Rond, the government is to offset the devaluation by raising prices. But it will not consider the removal of price controls for at least another three months.

Even with 10 per cent price increases, many cars, especially in the 1600cc range, will still be cheaper than their equivalent models last year.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

General Share Index	107.71 +3.98%
Non-Bank Index	111.28 +4.87%
Arrangement	105.18 +3.32%
Insurance	102.62 +3.08%
Commerce, Services	107.62 +4.98%
Real Estate	109.25 +4.32%
Textiles	112.45 +5.27%
Metals	115.18 +6.43%
Electronics	108.39 +4.59%
Chemicals	112.32 +5.08%
Industrial Invst.	110.96 +4.44%
Investment Cos.	110.04 +4.85%
General Bond Index	108.52 +3.47%
Index-linked Bonds	106.43 +3.12%
Fully-linked	107.18 +3.14%
Partially-linked	105.24 +3.07%
Dollar-linked Bonds	108.96 +5.56%
Short-term 0-2 yrs	104.93 +2.73%
Medium-term 2-5 yrs	107.48 +3.74%
Long-term 5+ yrs	107.55 +2.87%

Turnovers:

Shares - total	NIS 32,874,100
Arrangement	NIS 11,753,300
Non-bank	NIS 21,116,800
Bonds - total	NIS 32,874,100
Index-linked	NIS 14,587,200
Dollar-linked	NIS 4,217,800
Treasury Bills	NIS 27,031,200

Share Movements:

Advances	344 (62)
Declines	147 (8)
of which 5% +	4 (0)
of which 5% +	2 (28)
Unchanged	46 (116)
Trading Halt	23 (34)

Bond Market Trends:

Index-linked:	3% fully-linked
	Rises to between 3-6%

4.25% fully-linked

80% linked	Rises to 3-6%
Double-linked	Rises to 4%
Dollar-linked:	Stable
Rimon	Mixed/rises to 7%
Gilboa	Mixed/rises to 7%
For. Curr.	Falls to 4%
denominated	21.30-22.05%
Treasury Bills	(annual yield)

Arrangement yields:

IDB ord.	17.54%
Unit 0.1	17.13%
Discount A	17.13%
Discount B	17.13%
Mirshat	17.13%
General A	17.13%
Leumi stock	18.08%
Fin. Trade I	18.08%

SELECTED PRICE QUOTATIONS

Commercial Banks

Name	Price	Volume	%
Leumi	11336	10.0	
Bank Leumi	22700	314	+4.6
Bank Leumi	4280	7093	+7.5
Bank Leumi	5320	11131	+5.8

Commercial Banks

Name	Price	Volume	%
Bank Leumi	88800	2808	+4.0
Bank Leumi	66470	346	+3.8
Bank Leumi	113700	1248	+3.7
Bank Leumi	36500	3791	+3.5
Bank Leumi	60131	3635	+3.0
Bank Leumi	155200	235	+3.7
Bank Leumi	38037	7106	+3.0
Bank Leumi	62000	28	+2.9

Commercial Banks

Name	Price	Volume	%
Bank Leumi	8182	200	+5.8
Bank Leumi	2810	2457	+5.6
Bank Leumi	2800	848	+5.9
Bank Leumi	18300	146	+5.5
Bank Leumi	6870	405	+4.9

Commercial Banks

Name	Price	Volume	%
Bank Leumi	145300	b.o.1	+5.0
Bank Leumi	68800	2	
Bank Leumi	20053	31	+5.0

Commercial Banks

Name	Price	Volume	%
Bank Leumi	1518	732	+5.6
Bank Leumi	358	70462	+3.5
Bank Leumi	791	4921	+0.1
Bank Leumi	6850	12	+2.1
Bank Leumi	2220	130	+5.7
Bank Leumi	5285	150	-
Bank Leumi	9550	10	-

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Trade & Services

Name	Price	Volume	%
Bank Leumi	405	4579	+7.3
Bank Leumi	8470	1801	+6.3
Bank Leumi	3669	9180	+4.8
Bank Leumi	16800	21	+7.0
Bank Leumi	1380	1868	+1.2
Bank Leumi	1650	167	+5.8
Bank Leumi	2740	329	+3.4
Bank Leumi	25250	20	+6.8
Bank Leumi	1030	3738	+8.3

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Bank Leumi	405	4579	+7.3
Bank Leumi	8470	1801	+6.3
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Still mostly rhetoric

A CITIZEN with nothing else to do could have spent almost the whole of yesterday listening to radio reports of the details, the background, the analysis and the reactions to the "second stage economic plan." If he had, he would have heard a fellow-citizen, asked for his feelings on hearing the news, say that "to me it means that the snowball is rolling again. We're going back to where we were two or three years ago."

What he would not have heard, from any of the ministers, government officials, expert commentators and assorted respondents, were such terms as "productivity" and "output per employee," or even the more amorphous "efficiency."

If the anonymous snowball-observer in Tel Aviv's Carmel market is to be proven wrong, it will only be if the reforms that the government agreed to unanimously can be made to work effectively.

A great deal was made of the problem of too few exports and too many imports, and that was the reason, revealed Finance Minister Moshe Nissim and Bank of Israel Governor Michael Bruno in the afternoon, why they had been cooking up a "corrective" devaluation for the last three months, as part of a wider plan. They, the prime minister and vice premier and just about everyone else, were at great pains to stress that this devaluation was a one-off affair which would be followed by another long period of stable exchange rates, on condition wages behaved and the rest of the world didn't cause us problems.

And therein lies half the catch. The problems of exporters, as Messrs. Bruno and Nissim have been drumming into our ears for weeks, are as much their own doing, in responding to wage demands, as they are to the widening gap between rising internal prices and static exchange rates. Wages have not behaved, and the reason for that is not difficult to find either. It lies in the other half of the catch, in the government's budget.

To speak plainly, no professional economist and few ordinary folk give a gram of credence to the NIS 400 million budget cut which Mr. Nissim claims to have achieved. It is on paper, and even if it passes the Knesset - itself a dubious proposition - it will probably remain on paper, along with all the budget cuts stretching back over the years.

Nor will anyone be impressed with the novelty of a supposedly "nominal" budget, which does not allow for updating during the fiscal year. What the public sees is that government spending has not been cut, and that most ministers have already escaped the axe. The teachers unions and the doctors and nurses will no doubt soon rescue the ministers of education and health from the "cuts" they are threatened with. Subsidies, however, have been "slashed" yet again. Travel tax is up and parents will have to pay directly for the already poor education their children receive.

Yet the plan contains much of promise. The government is to proceed with its withdrawal from the capital markets, will partially deregulate the investment patterns of large institutional investors, and will cautiously open up the Israeli economy to foreign capital inflows.

Not less important is the beginning of tax reform. In the cooperative sector, the reduction of taxation to 45 per cent will prevent Israel being deserted by every multinational already here, including Israeli-based firms, while in the individual sector, the top marginal rate of 48 per cent may be accepted as a first tentative step toward giving people an incentive to work. But the tax system, as the Treasury readily admits, is still an appalling mess and requires much more work.

These elements are not as readily understood by the man on the Holon omnibus as the increase in the price of bread and milk. But the public is not stupid, and it can distinguish between the rhetoric of growth and the reality.

Yet the government seems still not to have realized that the public will no longer tolerate leaders who preach restraint while blithely protecting their own fiefs. That has been abundantly shown by the revolt of a smaller public - the workforce of Bank Leumi, against the hypocrisy displayed by its leaders. The board of directors of the national "firm," namely the cabinet ministers, would do well to ponder the implications of the Leumigate crisis that reached its denouement last night with the resignation of the remaining board members.

The primary implication is that the national workforce will not reduce its real wages in response to mere preaching. Even the huge erosion that followed the July 1985 plan was recouped within a year or so. It is indeed true that continued stability and beyond that, renewed growth, largely depend on wage and budget restraint. That is exactly what is so worrying.

IRANGATE

(Continued from Page One)

for a news conference on November 19, 1986.

Pointed out, who later resigned, was McFarlane's successor as national security adviser, North was the national security council aide Reagan later fired over the arms scandal.

Both the White House and the State Department appeared anxious yesterday to limit any damage to Israel-U.S. relations in the aftermath of a White House secret last Friday to release two top-secret documents on the affair.

The documents showed that Israel had strongly urged the U.S. to sell weapons to Iran in the hope of strengthening "moderate" elements there. The papers, dated January 17, 1986, said the idea for the Iran initiative came from Peres, then prime minister, and Mr. N.

A Senate Intelligence Committee report on the Iran-Contragate affair, leaked over the weekend, also shows that Israel pressed the U.S. to sell weapons to Iran. In that report, North is said to have accused Mr. N. with coming up with the scheme, including the diversion of profits to the Contras.

White House spokesman Larry Speakes said yesterday that "what-

ever decisions" were made "in this case were made by the United States government."

In response to a question, Speakes also confirmed that the U.S. had asked several Middle Eastern countries, including Israel, to help the U.S. win the release of the American hostages in Lebanon. "The U.S. position has always been that we've asked a number of countries to be helpful and use their influence," he said.

In the same vein, State Department spokeswoman Phyllis Oakley said: "Israel does not make decisions for the U.S. government. We make our own decisions and accept responsibility for our own actions."

In Jerusalem, Peres again said yesterday that it had not been Israel's idea to sell arms to Iran. Israel had merely agreed to a request from the U.S. to sell those arms, Peres told the Knesset Foreign Affairs and Defence Committee.

Peres also said that both Prime Minister Shamir and he had received official messages from Reagan saying that Washington laid no blame on Israel in connection with the arms sales and diversion of funds.

The first American request to Israel to sell arms to Iran was delivered at "middle level," Peres said. Accordingly, Israel checked to ascertain whether this same request had been authorized at "the highest level" and was assured that such was the case.

"We were not involved in any manner in the transfer of funds or of weapons to the Contra rebels," the vice premier said.

Peres added that on Monday he wrote a personal message to Bush explaining once again Israel's point of view on the entire episode.

Golden parachute

Allan E. Shapiro

THE GOLDEN parachute is a well-known device in American corporate lore. It involves a contractual obligation to a top executive that if he is replaced before the end of his contract, he will receive greatly increased severance benefits. The golden parachute serves to protect the corporate chief against the threat of a company take-over by outsiders. It also provides him with financial security so that he can objectively evaluate proposals for a change of ownership or management.

But Ernest Japhet's golden parachute is a peculiarly Israeli invention. It comes not to meet the possibility of premature dismissal, but rather emerged after Japhet's departure had become a certainty. It lacks, therefore, the element of insurance against risk that the golden parachute device was designed to alleviate. But Israeli corporate heads are not known for their acceptance of risk - especially where their personal interests are involved.

More significantly, Japhet's golden parachute compensates him not for losing his job because of outside forces beyond his control, but rather for his own wrong-doing. It seems to involve a curious example of social justice: since the state provides a gilt-edged safety-net for the bank (the bank shares arrangement), why

shouldn't the bank provide a golden parachute for its chief?

It all goes to prove that, as far as Bank Leumi is concerned, the Bejski report didn't know what it was talking about. After all, the major finding of the investigatory committee that examined the bank shares regulation was that it was illegal. The Leumi directorate apparently does not agree. That is why they deal with Japhet as though he were a victim of the bank shares bust, not a leading culprit.

In this attitude, they are not alone, and not only from within the banking community. The government hardly expressed enthusiasm over the Bejski report's findings and recommendations. Whatever happened to the ministerial committee that was appointed to make recommendations to the government with regard to the report? There were more than hints that, left to their own devices, both Peres and Shamir would have been happy if the Bejski demand for the replacement of the heads of the major banks had never been made.

A CURIOUS feature of our political culture, common to leaders of both major blocs, is the fascination they

find in both the symbols of power and those that wield them. It is not only a matter of policy that ties them to the dark side of American politics - to the imperial America of Richard Nixon or its fumbling reconstruction under Ronald Reagan. When Pinhas Sapir was running the economy, his greatest blunders were a result of his reliance on financial wheeler-dealers. The romance with the *guy* did not end with the exodus from the *shetl*. A highly competent kibbutznik like Micha Efrati, no stranger to the Israeli economic elite, can go along with Japhet's golden parachute because that is the way things are done in the big time.

With all the shoulder-rubbing with the world's greats, our leaders, political and otherwise, still show the tell-tale signs of the outsider to the real centres of power. It is highly unlikely that Ernest Japhet was the indispensable man who was able to pull off all those big deals with the Swiss bankers and the American financiers that are still talked about with awe and in whispers. But he might have been dealt with otherwise by his banking brethren and the power-brokers that stand behind them if he did not have that great asset they yearn for and never seem really to achieve - he is in with the right crowd.

The writer is a political scientist.

In the right direction

Stuart E. Eizenstat

EVEN WITH the Iranian arms sale controversy reverberating in Jerusalem, Prime Minister Shamir should give top priority to completing the job of resurrecting the Israeli economy. Shimon Peres so ably began. Indeed, Israel's involvement in the Iranian fiasco now threatening the credibility of the Reagan presidency is itself a reflection of Israel's increased economic dependence on the United States as its economy floundered.

Israel's capacity to be a truly independent state and to defend itself in the hostile Middle East depends fundamentally on a solid economic foundation. But Israel's economy 18 months ago was on the brink of disaster. Inflation was raging at an annual rate of 450 per cent. Foreign reserves were dangerously low. The trade deficit was staggering. Budget deficits reached 17 per cent of GNP - more than three times the U.S. level. Growth was stagnant.

Since the economic plan was put into effect by the unity government in July 1985, the economy has been saved from the precipice. Inflation was reduced to an annual rate of under 20 per cent, without causing a severe recession, by a unique combination of budget controls. The Israeli shekel was stabilized. Foreign reserves were up.

While plunging world oil prices, the devaluation of the dollar, and an emergency infusion of U.S. economic aid helped, Israel itself deserves much of the credit. The Histadrut accepted a temporary drop in the standard of living for Israeli workers. Subsidies on most goods were sharply curtailed. The Bank of Israel won more independence and is in strong hands with a solid monetary policy. The consumer binge and wildly inflationary economic policies became relics of the past.

But the very success of the programme could lead the public to believe - incorrectly - that the battle was over, that victory can be declared, and business go on as usual. Such a misconception is dangerous, because to win the war, Israel must continue to reduce its budget deficit, cut remaining subsidies, and seek additional wage restraints tied to productivity. Moreover, this will only set the stage for what must be a second - and more difficult - phase in the Israeli economic recovery programme: a fundamental restructuring of its economy.

The economic recovery plan has failed to restore high levels of growth and to create sufficient jobs for Israel's growing labour force. Israel's trade deficit has risen in recent months, and unemployment remains high. From 1950 until 1972, Israel was a model Third World economy, with real growth exceeding 9 per cent annually and single-digit inflation levels. But from the

Yom Kippur War of 1973 through the end of the decade, growth dropped dramatically to only about 2.5 per cent per annum. By the early 1980s it dropped to under 1.5 per cent, while inflation soared to triple-digit levels.

ISRAEL'S REBIRTH after World War II was meant to fulfil the Zionist ideal of gathering in dispersed Jews from around the world to a Jewish homeland. But Israel's anemic economy has failed even to retain many of its own citizens. An estimated 300,000 Israelis - almost 10 per cent of the Jewish population - have left to live in the U.S., due to inadequate economic opportunity. 1985 was the first year in the history of the state in which more people left Israel than came; and 1986 continued the trend.

Israel's heavily centralized, semi-socialist economy, essential in the early stages of defending the state and absorbing hundreds of thousands of Jewish emigrants from war-ravaged Europe and the poor nations of North Africa and the Middle East, is outmoded for today's competitive world environment.

Israel has the highest per capita debt in the free world - a debt repayment which consumes over half the nation's export earnings and a third of its budget. Almost one in every three salaried workers is employed by the government.

High levels of U.S. aid to Israel, and some relief from the burden some debt owed to the U.S. - which the Reagan administration is now prepared to support are critical.

But only major reforms can restore adequate levels of growth and new jobs essential to Israel's economic future and national security. Israel need not remake its economy into a mirror image of America's and must find its own way.

HOWEVER it is time Israel's political leadership of all ideologies faced the fact that the economy will not be restored to health, that Israel will not stem the flow of yordim and attract increased olim, that Israel will not realize its full strength and potential, without a fundamental reordering and modernization of its economy.

Following are the steps which should be taken to revitalize the still-ailing Israeli economy.

First, Israel needs a thorough restructuring of its capital markets. The government controls virtually all borrowing and lending, rationing credit to the private sector as a fiscal intermediary. The government's monopoly in capital markets must end; it must limit its own borrowing,

and permit the private sector to compete for funds. At the same time, to make Israeli equities more attractive, it must rehabilitate its stock market, still shaken from the collapse in 1983, by affording greater protection for investors.

Second, the Israeli tax system must be revised dramatically. Taxes change frequently, often retroactively, and are horribly complicated and unclear, with varying tax rates depending upon the nature of the enterprise, its location, and its percentage of foreign ownership.

Israelis are the most heavily-taxed people in the free world. Tax rates are very high - over 50 per cent for businesses, 60 per cent for individuals, and, at times of high inflation, up to 100 per cent for capital gains. Tax receipts and other levies comprise a gigantic 50 per cent of the GNP, more than twice the U.S. level.

Israel should simplify its tax code, end retroactive regulations, broaden its base, and, when matched by budget cuts Finance Minister Nissim correctly set as a prerequisite, reduce tax rates.

Third, government regulatory barriers administered by a bloated bureaucracy, which discourage domestic and foreign investment, should be reduced. Businesses have to navigate through a withering variety of agencies at different stages of their operation. This should be replaced by streamlined, one-stop shopping and a major deregulation.

Fourth, Israel must bite the bullet and move away from the indexation of financial assets and wages to consumer price-rises in order to achieve control over monetary policy and break the back of inflation once and for all.

THE NISSIM plan is a move in the right direction.

The modernization of the Israeli economy will require boldness on the part of the Israeli government and the public. If the economy continues to stagnate and inflationary pressures resume, if the short-term successes lead to a resumption of business as usual, Israel cannot depend on further emergency assistance from the U.S. government. The days of wine and roses are over in terms of large annual increases in U.S. aid to Israel, given the severe budget pressures imposed by the Gramm-Rudman-Hollings Balanced Budget Act.

A country which has sacrificed so bravely on the battlefield in five wars can certainly rise to the task.

(This article was written before the cabinet decisions of Monday night.)

The writer, a lawyer who was President Carter's chief domestic policy adviser, is chairman of the American Jewish Committee's Institute on American Jewish-Israel Relations.

POSTSCRIPTS

P.S. INTERESTED in buying a worm-powered garbage disposal system?

How about a tent which can be put up in seconds without fussing with poles and ropes?

Or a butter float which automatically keeps butter at perfect spreading temperature?

The annual Nuremberg "Inventors Fair" aims to help turn such brilliant ideas into best-selling products by giving inventors a chance to display their wares to potential business backers.

This year's five-day event saw 168 inventors competing for the attention of hundreds of mail-order companies, venture capitalists and patent lawyers who scour the exhibition in search of promising new products.

The inventors came from 13 countries and from many different professions but they are united in their unflagging optimism that their invention is just what the world has been waiting for.

Robert Bittner of West Germany thinks the use of worms to dispose of organic garbage is an idea for which the time has come. The worm compost is slightly larger than a normal rubbish bin and costs DM350. It contains hundreds of worms which turn their way through paper, potato peel and other natural refuse to produce compost for use in gardens.

Bittner and several other

ecologically-minded inventors developed the compostifier five years ago and say they have sold 3,000 in the past two years. They are now looking to set up a network of distributors to expand sales.

P.S. THE BRITISH Museum recently paid £3,500 at auction for a drawing mistakenly attributed to a little-known Dutch artist after a curator noticed it was actually a sketch by Rembrandt.

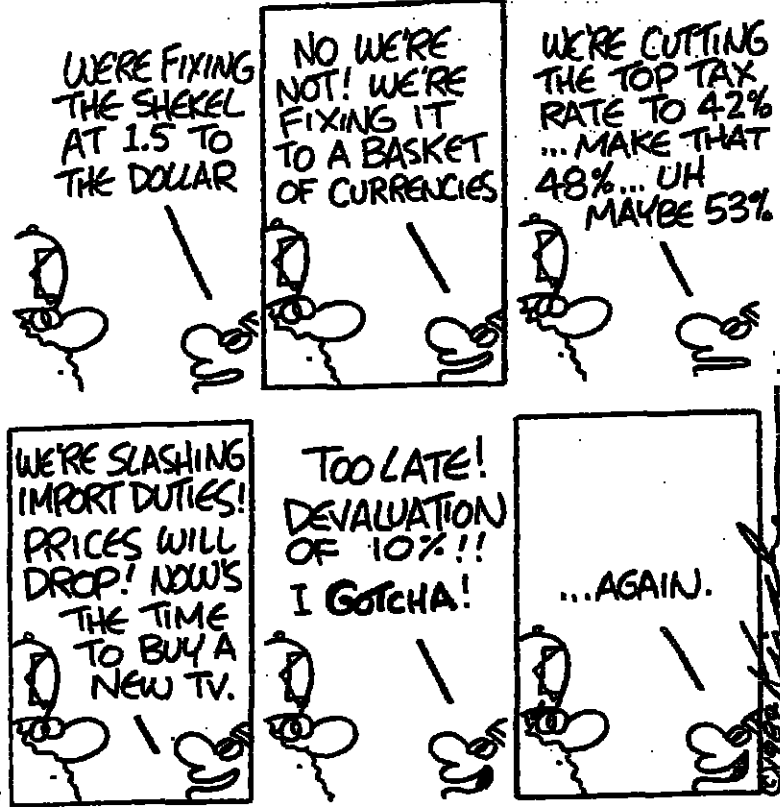
The black chalk drawing, dating from the 1640s or 1650s, was verified as a Rembrandt by Peter Schatborn, a leading authority on drawings by the 17th-century Dutch master, and is valued at £500,000.

The Museum captured the sketch from under the art world's nose at a recent Christie's auction house sale in Amsterdam. The museum curator first noticed it in a Christie's catalogue, where it was attributed to Nicolaes Maes, a follower of Rembrandt.

The 20-by-15 cm drawing on pale cream paper shows three men in conversation, one seated, the others standing. A museum curator examined other Rembrandt works before concluding that the sketch was a study for the famous Rembrandt etching, "Christ among the Doctors."

The British Museum then arranged for a discreet London dealer to bid for it.

Dry Bones



READERS' LETTERS

THE MAYOR OF HERZLIYA

To the Editor of The Jerusalem Post Sir, My attention has been drawn to an article in your issue of December 19 purporting to be a report on the visit of our prime minister to our town.

We were proud to show Mr. Shamir the vast number of achievements accomplished since I became mayor three years ago. This includes the building of a sports stadium, a fine country club, including an Olympic-size swimming pool, the establishment of Israel's most modern shooting range, and a cleaning-up operation which has turned our city into a place of which all its citizens are justifiably proud.

In particular, we have concentrated on the housing estates where we have not only built new homes, but also created sidewalks, improved roads, laid water pipes and inaugurated new sewerage schemes. A great effort has been made to refurbish our schools, and create a climate of enhancing educational facilities, for I believe strongly in preparing our youth for their future role in society.

We have expanded our tourist facilities and are creating a beautiful new promenade along the sea-front. New parks, gardens, libraries and green spaces have been created. Not only have facilities been improved in Herzliya, but a new spirit of civic pride has been created in an area which was hitherto considered merely a dormitory suburb of Tel Aviv.

When I came to office, the town was deeply in debt, but today we are in the black - and this financial turnaround has been achieved by curbing costs and introducing efficient methods of administration.

Your reporter mentions none of these positive aspects of how the life-style of our citizens has been enhanced during the past three years. Instead he indulges in a crude and slanderous character assassination of me.

This would not normally bother me personally, but I protest most vigorously at the way your reporter

descends to the lowest form of yellow, gutter journalism in his slur against the office of mayor of Herzliya. I may be unlovely and overweight as he says, but I was chosen by 60 per cent of the citizens of Herzliya to run the town and not as a candidate for a beauty contest.

It may interest your sneering reporter that I served for five years as a parachutist in the Israeli army and made over 100 successful jumps during this time despite his disapproval of my waist-line.

Your reporter was a guest of the town during Shamir's visit, as were other journalists, and I tried to treat these newsmen with the honour and dignity to which I believe they are entitled. When even Mr. Shamir was beginning to show impatience at their lengthy questions about matters which had nothing to do with the visit to Herzliya, I brought the proceedings to an end. After all, our patriotic citizens were eager to meet the prime minister. The object of his visit was to witness our achievements and not to spend most of his time talking to reporters.

I respect the right of freedom of the press, but just as you have taken the totally uncalled-for liberty of making an arrogant, crude attack on me as mayor of Herzliya, I feel I have the equal right of reply.

ELI LANDAU,
Mayor of Herzliya

Herzliya.

The paragraphs to which the mayor of Herzliya takes exception read as follows:

"It's said in Herzliya that the town used to have a lovable, incompetent mayor and that now it has an unlovely competent mayor."

"Landau, overweight and overbearing, is vulgar, brash, arrogant and charismatic. Most of all, he gets things done."

"Herzliya has been transformed in the three years since he's been in charge. When he took office, banks were bouncing City Hall cheques. Nowadays, Herzliya is in the black."

- Ed. J.P.

QUALITY PRODUCTS

To the Editor of The Jerusalem Post Sir, - Although I generally enjoy reading *Marketing with Martha*, I must take offence at remarks made in her column of December 26. The kibbutzim may well be the "landed gentry" and we do indeed have more influence beyond our numbers but it is in no way "surprising" or "ironic" that expensive goods are produced by a kibbutz.

As a kibbutz member working in the field of quality assurance, I think I am qualified to state that kibbutz industries "manufacture quality," the goal of any self-respecting industrial enterprise. Our product quality is recognized internationally by the civilian and military markets, the latter known for its high standards.

Kibbutz engineers and experts are often called upon to solve problems for companies here and abroad. We have acquired the talent to learn the basics from others, apply it to our own needs and then to improve upon it.

So please, Martha, no more snide remarks, however well meant, about kibbutz and its industries. Quality costs a lot to produce and consequently to purchase.

MARK GEVA

Ein Hahoresh.

Martha Meisels comments: I certainly intended no offence to kibbutz members, nor was I surprised at all to find high-quality products coming from kibbutz industries, as indeed they have for decades. However, I still see a measure of irony in the fact that some of the most expensive consumer goods on the market, and particularly the luxury-range Golan wines, come from kibbutz enterprises.

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